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NEW FALLACIES OF MIDAS



NEW FALLACIES OF MIDAS

*A SURVEY OF INDUSTRIAL
AND ECONOMIC PROBLEMS*

BY
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With an Introduction by
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PREFACE

Books on Political Economy increase and multiply. They are a natural by-product of the war, which has caused all classes to take stock afresh of their economic destiny ; nor is it much wonder, when all is topsy-turvy, that a new diagnosis should be drawn and a new remedy prescribed by half-a-dozen authors in each week.

But, while the demand for economic literature is great, and the supply keeps pace with the demand, there still perhaps lacks something. Amid all the maze of argument and theory, the puzzled layman needs some guide : yet there is no one book to give him precisely what he wants. We have excellent manuals, wide in scope, strict in method, scientific in approach : but too often the manual makes dull reading ; its language is academic, overweighted with a jargon of technicalities and abstract definition. It may be true that Socialism is " a coercive co-operation, not merely for undertakings of a monopolistic nature, but for all important productive enterprises " ; but, however true the words, the mind is apt to falter at such formal logic ; and the very need for a thorough exposition, which will press analysis to its extreme, must yet serve to blunt the writer's own enthusiasm and leave the reader cold. The manual, with the best will in the world, can seldom touch the matter into life.

PREFACE

There is another class of book, aiming at a different goal—I mean the monograph which isolates some single phase or aspect of the science, or the pamphlet written to propagate some theorist's special creed. Such, for instance, is Mr. Ramsay Macdonald's "Socialism"; and such again is Mr. Belloc's "Servile State." From the manual's inevitable failing these are free. They must, at all costs, interest and convince: it is the first condition of success. Yet for that very reason these too will often fail to satisfy the reader. They preach indeed: but are at little pains to criticise the sermon. They assume the best or prophesy the worst: yet leave the reverse of the picture too much dark. Such books, too, are of their very nature selective and incomplete: behind their arguments lie many issues boldly ignored and assumptions unexplained. They have not space for everything: the problems of production, the ethics of exchange, the safe limits of monopoly, and the natural interaction of supply upon demand, how wealth is to be got before it can be divided, or how divided under other rival schemes—all this can be but lightly touched, if touched at all: yet all this the interested reader must, as he thinks things out, desire to know. There is a gap in the evidence; his judgment of the case is insecure; and he will be thrown back upon the manual after all.

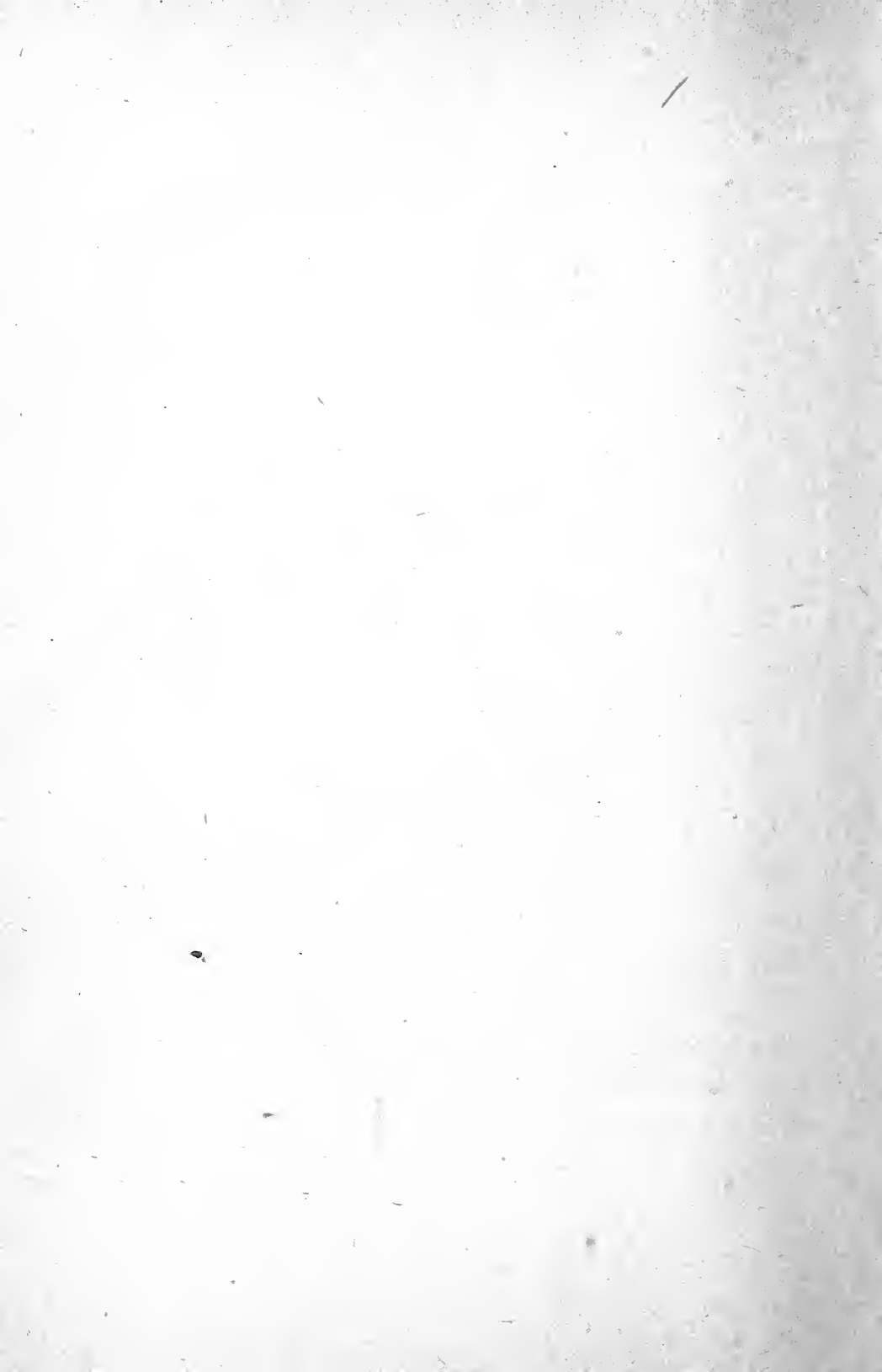
To imitate the virtues and escape the short-comings of both types is the chief effort of this book. It makes no pretence to cover all the ground; but it covers much. Theories are not advanced uncritically: but each shall at least receive a favourable hearing, before it is rejected. Rather than leave the funda-

PREFACE

mental issues doubtful, I have begun at the beginning : and there can be no making matters clear without some monotony of formal spade-work and abstract definition ; yet I have tried, so far as may be, to avoid the use of academic phrasing or mechanical expression.

Nor have I wished to lose from sight those ethical and political values, which, though they are not strictly economic, were far too often neglected by the early economists. I have tried to foresee the conditions upon which man's happiness must be built, as well as the methods whereby his wealth is to be got. To be content with cold analysis is to-day impossible : the problems are too vital : and, though all prophecy is dangerous, we must needs anticipate some practical solution. We must confront the future in the strength of some reasoned faith.

Without the advice and guidance of Sir George Paish, the undertaking must have been far less ambitious. His kindness in writing the introductory chapter has placed me very much in debt : but it is perhaps the least of the debts I owe him. My special thanks are also due to Mr. A. E. Zimmern for his helpful revision of the chapters.



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INTRODUCTION BY SIR GEORGE PAISH

OF the many objects for which this war was begun it is now beyond question that the main one was the preservation of military autocracy in Germany and in Austria. It is now equally evident that of the many consequences of the war the chief one will be the emancipation of democracy, not merely in Germany, in Austria and in Russia, but throughout the world.

In Russia, where events have moved faster than elsewhere, revolution is already well on its way to its final stages. It is true that so far a bureaucratic autocracy appears to have been merely replaced by an oligarchy. Nevertheless the eventual introduction of democratic government is not much in doubt, and it is probable that the people of Russia will for the future control their own destinies by means of small republics for local matters and of a federal republic for national and international affairs.

In the Austrian Empire revolution and dissolution have taken place already, and probably somewhat similar conditions to those prevailing in Russia will be witnessed both in Austria and in Hungary in the early future. Small local republics are likely to be formed, and eventually some kind of federal republic, including the greater part of the existing Austrian Empire together with some of the Balkan States, will probably emerge from the chaos.

In Germany the revolutionary movement towards democracy is causing great uneasiness to the enemy government, and there are strong reasons for expecting that before many days pass by the militarist autocracy

of Germany will be forced, to yield place to a democratic republic.

The nemesis now falling upon the rulers of Germany and of Austria, as well as upon the classes that have supported autocratic and military domination, will be an object lesson which cannot fail to be understood by the rest of the world, and even in countries already democratic a greatly increased measure of democratic freedom and of democratic power must result from the revolutions now casting their shadows in front of them over the enemy states.

Already some uneasiness exists as to the effect upon progress and upon civilisation of the emancipation of the peoples from the domination of one kind or another to which they have hitherto been subjected in greater or in lesser degree in all countries. At such a moment it is essential for everyone to recognise that the increased freedom of democracy in the western world in modern times has brought with it not injury but advantage to the general well-being of the world, and that in democratic countries law is more universally respected and more equitably administered than in autocratic states, while, on the whole, order is better maintained.

In periods of transition disorder cannot always be avoided, but as soon as public opinion becomes convinced about the right course to pursue, and democracies mobilise their power, there is far less danger of disturbance and of any breach of law in the democratic countries than in autocratic states, where the interests of the people and of their rulers are divergent. Therefore, after the period of transition that must inevitably follow upon the conclusion of peace, in which

the autocratic nations will become democratic and the democratic nations more democratic, there will be less danger of disorder throughout the world than there has been hitherto. For all practical purposes the danger of democratic nations acting unjustly or failing to maintain order and respect for law or refusing to honour their obligations may be completely disregarded. The rise of democracy means a high standard of honour, the recognition of justice, the observance of law and greater security, both for life and for property.

At no time did the credit of Republican France stand higher than it did before the war; at no time has France been more highly respected or more fully trusted than at the present moment, and no one doubts her intention or her ability to honour the great debt she has incurred in waging this life and death struggle for democracy against autocracy, or to act justly, indeed, mercifully, not only towards all sections of her own people, but towards all other nations which desire and intend to live in harmony and in friendship with her, and to observe those principles of freedom, equality and brotherhood which are the glory of modern France.

Again, democratic America, which is the greatest marvel of modern times, reveals clearly the increasingly high standards of conduct demanded by democracies. The credit of no country was higher than that of America before the war, or will be higher after the war, and in no country was education more highly appreciated, was there a greater love of justice, greater sympathy for the oppressed and the unfortunate, greater equality of opportunity and of self-realisation, a higher measure of individual happiness, or a greater

rate of improvement in individual and national well-being.

It is unnecessary to speak of the place that democratic Britain holds in the family of nations. It is sufficient to point to the policy which the British nation has pursued since the passage of the great Reform Bill, of promoting her own well-being by contributing to the well-being of all the world, and to the manner in which her sons and her daughters wherever they were placed, at home, in the colonies, and abroad, voluntarily came forward to defend the principles of freedom and of justice, which are dearer to them than life itself, by placing all that was theirs at the service of democracy in the struggle in which it is still engaged.

Thus not theory but experience of democracy proves that the democratic spirit is not destructive, but constructive, not law breaking but law abiding, not less but more just than the spirit of autocracy, not wishful to dominate but to give freedom, not less but more desirous of creating high standards of honour and of duty. And with this experience upon which to base our judgment are there any reasonable grounds for anxiety as to the future when the democratic spirit shall be more widely prevalent? Rather are there not greater and stronger reasons for hopefulness as to what the future has in store for all nations, and more especially for the nations in which the democratic spirit reaches its highest development?

In the turmoil and uncertainties of the present situation, when society, more particularly in its political and economic aspects, is in process of complete reconstruction, not merely in one or two countries but in all countries, it is of the highest importance to

observe certain elementary and primary truths, in order that the new structure may be erected upon such solid foundations, and so strongly built, as to leave no doubt as to its permanence, its utility and its comprehensiveness.

The first of these truths is that the structure of society in each nation as well as of the whole world, whether upon its political side or its economic, or its social, or its religious, must be based upon the character of each nation, for just as character inevitably governs the aspirations, the activities, and the attainments of individuals, in the same manner national character must govern the structure of nations.

The second of these truths is that the structure of society in each nation cannot be much in advance of the mental and spiritual development of the average individual, and that no nation can rise to the level of its possibilities until the individual is both educated and enlightened.

The third is that the economic possibilities of a nation in these days of international intercourse and of international transit are governed not so much by its own natural resources as by the mentality and character of its people.

And the last is that in a world of nations firmly bound together by democratic principle every nation would not only have world wide markets for its productions, but would be assisted to produce all that its natural resources permit it to produce or the intelligence and skill of its peoples render it capable of manufacturing. The limits hitherto placed both upon consuming power and upon production would therefore disappear, and the measure of well-being in each nation would accord

with its intelligence, its knowledge and its energy. The possibilities of national and of international well-being would thus be limitless.

By observing these fundamental matters it is not difficult to discover the course which the various nations are likely to pursue in a democratic world in which both individuals and nations will enjoy much greater freedom for their activities than hitherto, subject only to the principles of friendship and of co-operation which will cause them to seek to promote their own well-being by contributing to the general welfare instead of seeking advantage at the expense of others.

Thus the great mass of the Russian people are imaginative, idealistic, and benevolent, but at present they are uneducated, ill-informed and therefore unpractical. At the same time the natural riches of Russia are unlimited, and when the Russian people are educated, better informed and more practical Russia is likely to become one of the richest, if not the richest nation in the world, not even excepting the United States.

The present character of the Russian people and their present development make them specially fitted for agricultural pursuits, but render them unsuitable for occupations demanding a high measure of concentration and of business capacity. Their childlikeness and lack of knowledge render them incapable of initiative and of independent judgment, and consequently they are accustomed to communal co-operation and to state assistance and control. In this mental condition the freedom they will now enjoy will doubtless cause them to make communal production and trading still more comprehensive. Further, with the

disappearance of the nobles they will probably demand a greater measure of assistance from the State in obtaining the additional machinery they will need to expand their productions, as well as in the work of transporting their produce at home and abroad. The economic system of Russia for some time to come must necessarily be a combination of Communism and of State Socialism.

In Germany and Austria also the environment in which the great mass of the people have hitherto been placed renders them quite incapable of thinking for themselves, and inasmuch as everyone has so long been accustomed to rely upon the State in all matters, the German as well as the other peoples of the two countries, even when they completely control and are responsible for their own governments, will still necessarily continue to need the help of the State. Hence, for a time at any rate, any government that may be set up, whether it be a limited monarchy, or as seems most probable, a republic, will be compelled by force of circumstances to pursue a policy of State Socialism of the purest description.

On the other hand the French people are accustomed to individual thought and initiative, and desire great individual freedom, not only in agriculture but in industry. Consequently, there is a general disposition shown by workmen to adopt co-operative methods of manufacture rather than to continue to be employed by individual capitalists. This disposition is due to their desire for a voice in controlling their own lives, as well as to their wish to participate in greater measure in the profits of industry. The character of the French people thus points to an individualistic economic policy,

in so far as it is of advantage to the average citizen, and to what is known as Syndicalism, or Guild Socialism, when industries must be carried on by large numbers of persons working in co-operation.

In brief, whereas in Russia, Germany and Austria, the people will gain a much larger measure of freedom by setting up democratic governments and imposing upon them still more comprehensive duties than were performed, even by the autocratic governments they will supersede, in France a greater measure of individual responsibility for the great mass of the people in the conduct of industry, will carry the nation along the path leading to individual liberty.

In the United States, the workers generally are in favour of individualistic effort, but are opposed to the control of industries by a few persons of great wealth and of great power. Therefore, in America as in France, the character of the nation and the course of events seem to lead to the control of industry by the workers. Hitherto labour, both manual and professional, has been hired by capital at the remunerative rates current in that country. In the future it is likely that manual labour, allied with professional skill, will hire capital at the remunerative rates which capital in such a wealthy country as America will always be able to command. The application of this principle is already very far advanced in such undertakings as railways, where public opinion is averse to the payment of higher dividends than needed to permit new capital to be raised as required, where policy is controlled by the staff, and where the rate of remuneration to the employees is as high as the public considers just or is willing to approve.

The British people are essentially independent and individualistic, they hate authority and dislike control, unless self-created and self-imposed. Their most pronounced characteristic, and their greatest asset, is a fund of what is generally described as common sense and a sense of proportion, and they prefer to judge each question on its merits, when they are compelled by force of circumstances to come to a decision, rather than allow their decision to be governed by theoretical considerations alone. When they have the choice of two policies they usually follow the one which promises to give the best results, however hazardous it may be, and are quick to follow a leader who shows boldness and enterprise, combined with practical wisdom. Their love of adventure has not only made them a sea-faring nation but has led them to take chances of all kinds. Hence they have been for many years and still are the most enterprising of all the nations. The activities of their bankers, manufacturers, merchants, shipowners, under-writers, contractors and producers generally, are world-wide, while their investors are interested in almost every great enterprise wherever it may be situated, from the North to the South Pole.

In the work which these few notes will introduce to the reader Mr. Robinson gives a valuable, an instructive and an impartial survey of the trend of economic thought and of economic policy in modern times, and in his concluding chapters he deals faithfully with the questions of Socialism, Syndicalism or Guild Socialism and Individualism. These chapters necessarily reflect anxiety as to the economic policy which this country may pursue when the spirit of democracy is as prevalent and as highly developed as it is likely to be after the war.

Analysis of the British character and disposition, however, should dispel any uneasiness or anxiety as to the course which the British nation will take when peace is restored. The qualities that have made the British nation what it is have not been destroyed by the war, rather have they become strengthened. To bear successfully and easily the strain of a great war in the manner the British people have borne it is the result not of the war but of the character the people possessed prior to the war and of the policy they have pursued during the last two generations, in which individual freedom, independence and responsibility have grown steadily greater. That democracy will be freer after the war is the strongest possible testimony to the soundness of the policy which democracy has pursued hitherto. The war has merely brought British democracy nearer the goal towards which it has been walking, with more or less consistency, for a very long time.

What, then, is likely to be the economic policy of this country after the war, when democracy will have much greater power than it has had hitherto?

It is evident that democratic policy after the war will not differ in essentials from democratic policy prior to the war. It will be bolder, bigger and more confident, but much the same in essentials. For many years British democracy has endorsed the principle that the State should perform those functions it is specially fitted to perform, and which other organisations could not accomplish or not accomplish so well. The State includes, of course, both the national and local authorities. The community in its corporate capacity has undertaken the work of maintaining the

roads, of collecting and delivering letters, of producing and distributing gas, water and electricity, of providing a telephone service, of educating the children, and of performing other duties which it could perform with great advantage. After the war the State will probably extend its activities to railway transportation, which can be rendered much more useful and of much greater value by unification, to insurance of the working classes against all the misfortunes to which they are subjected, including unemployment assurance for all, as well as widowhood insurance, and to a number of other things which urgently need to be undertaken by the State. But these things will not be undertaken until the British people are convinced that such a course is in the general interest and the proposal to undertake them does not warrant uneasiness.

Again, it is probable that the principle of co-operation, which is really what is meant by Syndicalism and Guild Socialism, when the latter are shorn of their sinister attributes, will be extended from distribution, insurance, clubs and other ventures to production.

If the extension of co-operation to production is successful as under present circumstances it is likely to be, the benefit to the nation will be very great, for then the workers will be their own masters, and the constantly arising friction between capital and labour will for ever disappear. But it is obvious that co-operative production can be introduced into very few industries, at any rate until a great deal of experience is gained of its working. Coal mining seems to be the one industry adapted to the new departure where the workers are anxious to try the experiment. Provided that the

miners secure the capital to take over the mines, and do not attempt to obtain them by violence, nothing but good could arise from the mines passing into the possession of the workers themselves, who not only labour under such unfavourable conditions, but who daily expose their lives to unknown dangers in pursuing their calling. Of course, even if the miners wished to confiscate the mines, the British people would not sanction confiscation, as such a course is entirely contrary to the national character. The British people have never failed to pay handsomely for any property they desired to acquire for national or other purposes, and there is less likelihood than ever of their doing so in future.

And after the industries which the State or companies of workmen are fitted to undertake have been acquired, there will still be ample room for all the private enterprise that is available, especially having regard to the probability that the greater freedom of democracy will cause a still stronger effort to be made to raise the universal standard of comfort, that consequently demand will increase, and that production will be correspondingly stimulated.

Thus the policy of the British nation in the future, as in the past, is likely to be a judicious combination of individualism, co-operation and socialism, with the probability that the effect of the combination, in view of the greater spirit of freedom and the greater knowledge which all the world will enjoy, will be a much greater volume of production, accompanied by a much higher level of consumption.

In brief the supremacy of democracy which will result from the destruction of autocratic militarism

will not only render the peace of the world much more secure than hitherto, but as soon as the period of transition from war to peace, from autocracy to democracy, is passed through, it will bring to the world a degree of well-being that cannot be attained unless men and women labour in an atmosphere of liberty, with the energy of hope and the promptings of affection.

GEORGE PAISH.

7th November, 1918.



CHAPTER I

THE FALLACY OF MIDAS

(i.)

ONCE long ago there lived in Asia Minor, a king called Midas, who formed an economic theory, and this since he was a special favourite of the Immortals he was permitted to carry into practice. Like many other economic theories, it might have looked well enough on paper ; but in execution it was a terrible fiasco. According to the definition of wealth which this ingenious monarch had proposed, it was gold alone which counted, and according to that definition he saw himself a made man. For he prayed that everything might turn to gold under his touch and his prayer being granted, he was well on the way to become a millionaire (for a quite insignificant expenditure of trouble), when to his dismay he found himself on the border of starvation. Whatever he drank, were it wine or water, turned into liquid gold as it passed his lips ; if he tried to eat his teeth grated upon an uncompromising lump of metal. There was but one escape from his dilemma, and that was by a reversal of the god's decree ; and had it not been for the generosity of Olympus he would have died from want like any pauper. His whole hypothesis concerning wealth had broken down.

Mankind is slow to learn whether by precept or example ; so the moral of Midas' misfortune was largely lost upon the world. Centuries passed, and in the course of history, his blunder was repeated, this time in a more western land, and not

by a king alone, but by a king's whole people. When the voyages of Columbus and his successors revealed to their countrymen the fabulous resources of the new continent, the lust of gold caught them in its grip, and in the years that followed the more adventurous spirits among them were busy shipping gold across the sea to the treasuries of Spain. If gold was a true index of national prosperity then Spain was prosperous; her future seemed assured. Yet at this very moment her decline set in; and not all her hoarded wealth was sufficient to arrest the downward movement. Were the England of to-morrow to lose her maritime ascendancy, or were she by political blundering to alienate her great dominions, she would yet retain some measure of her prosperity and importance so long as her mines, her cotton mills and her hard ware factories remained intact. Spain had no such resources on which to draw; and swiftly enough she sank from her high estate into penurious degradation. She had built her hopes and spent her energies upon a form of wealth which cannot feed the hungry mouth, or clothe the naked body, a form of wealth which, of its very nature, can never make a people strong or wise or happy.

We to-day are little likely to fall victims to the illusion which cheated Midas and ruined Spain. During these last years of war we have learnt to dispense with a gold currency; our daily business has been conducted with the aid of flimsy fragments of indifferent paper; and the veriest fool is now aware that gold is no more than a convenient medium of exchange. We may believe financiers when they tell us that gold provides a "permanent standard of values"; but we trouble our heads very little about such things so long as the Government printing press is working and public confidence is sustained. The figures of great loans have taught us to think in ciphers and not

in coins ; we begin to realise something of the elements of world finance, and the mysterious powers of credit. Nobody now would gauge our national prosperity by counting the bullion stored up in the national banks. And if we cannot define precisely what we mean by wealth, we can at least quote trade statistics, and strike a balance between the total values of exported and imported goods. Yet sooner or later (if we are to think at all about such things), we must face the question " What is wealth ? " and answer it if we can. For the real cause of Midas' fiasco and Spain's disaster lay not so much in their hurry to be rich, as in the mistaken answer which they gave to this perplexing question. We all need wealth and we spend the greater part of our waking hours in the endeavour to obtain it, but what precisely is this wealth we are seeking we seldom trouble to enquire ; and most of us would find it hard indeed to give a satisfactory answer. Midas said gold ; but repented at leisure. Others with higher wisdom might hazard a country house, a shooting moor, a well-filled stable ; but that would hardly meet the notions of a bibliophile or a native from Honolulu. Tastes differ ; and any attempt to pin all mankind to some such arbitrary choice, would leave half the world as miserable as Midas. So we had best seek to frame no concrete definition or we shall be caught in some fallacy every whit as blundering as his.

None the less, whatever wealth may be, we are all agreed that wealth is what we need ; and so, I suppose, it would be true to say that wealth is that which satisfies our needs. Whatever ministers to our bodies' wants, gives pleasure to our senses, food for our minds, or comfort in our homes, all this is wealth ; not the outward signs of material well-being only, food and drink, houses and furniture, finery and trinkets ; but no less the view of a mountain side seen

from our windows, a sermon preached to us in church; a song written to beguile our idle moments. The nature of wealth varies from day to day, with the variation of our tastes ; should ladies of fashion discover next season some unexpected elegance in mole skin muffs, the breeding of moles would become a profitable business, and a mole-ridden meadow a treasure rather than a nuisance. In short, anything which men or women find useful and alluring, is a part of wealth, and even though their desire for a thing seems foolish or pernicious that is no reason for ruling it off the list. If clothes are wealth because they keep us warm and dry, Dreadnoughts and howitzers are wealth also, because they protect us from worse things than wind and rain.

(ii.)

Nor, when we come to consider the agents and sources of our wealth, shall we omit from the count those many things which in themselves are detestable, or at least unpleasant, and which yet contribute in some indirect manner to the satisfaction of our wants ; such things for instance as mines for coal or metal, goods trains, paper bags and the manufacture of chemical manures. Nobody would desire any of these for their own sakes ; but if I am to enjoy a plate of porridge, every one of them will play its part, great or small, in providing that trifling satisfaction. Most important and most obvious of all is the contribution of the soil itself. The earth is the original purveyor of all our wealth ; and when we consider the crops she grows, the animals she feeds, the metals and chemicals which she contains, it is clear how little there is which we possess or enjoy but derives its origin from her.

But for all these things, before we can enjoy them, Nature demands a price, a toll ; and this too (though here perhaps the gods were equally to blame) Midas had forgotten. The earth is a niggard minister ; she yields us what we ask, but ever since Adam and Eve walked out of Eden, she has yielded it only on one strict condition ; we must work for it. We must sow, reap, dig, build, and win our livelihood generally by honest sweat. Metal a thousand feet below earth's surface is no more wealth to us than the lost mines of Solomon. It must be fetched from its hiding-place, molten in a furnace, beaten into shape ; not till then will it be valuable to man. As without the sculptor's handiwork the marble block will be no statue, so without labour the earth's resources cannot become wealth. Man and nature have entered into partnership to supply man's wants. Sometimes there are cases when one or the other seems sleeping-partner in the business. We may have blackberries, or (in India) bananas, as a free gift ; or a man sings a song, acts a play or delivers a lecture, and he may boast to nature that he has satisfied his fellows and yet done without her. Nevertheless, in however small degree, the partnership still holds valid. The blackberry must at least be picked ; the singer or lecturer must use the voice which nature has given him. Nature's part, in fine, we cannot cancel ; we can only endeavour to control her. If rains fail or coal mines are exhausted, we must accept the circumstance. We are answerable for our part and for that only ; we endeavour to extract from nature what we can, and if at this advanced stage of the world's history the result falls short of our requirements, it is for us to say whether we have played our part foolishly or wisely.

CHAPTER II

WORK

(i.)

MAN then accepts work first of all as a necessity of his existence, not as a moral duty. This truth has often been most strangely and wilfully forgotten. There are many well-meaning persons going about the world whose chief anxiety is to see that everyone else is doing something. When trade is slack and many hands are idle, those people talk about the "right to work"; employment, they say, must somehow be provided; and they will push forward schemes for the building of roads which nobody will ever use, or the draining of fens which no farmer will ever till. Such folk are always much scandalised at the miner who works but four days out of seven; not because they want more coal, but because it gives them pain to see a man thus unoccupied. They are scandalised again when the engineers go on strike for shorter hours though they themselves have never worked a twelve-hour day in their life. At one time they may be heard defending the indulgence of some private luxury as being "good for trade," because, that is, it it gives somebody else a job to do; at another they are consoled for the accident of a broken window because it gives employment to the plumber, as through the plumber, good man, would not have been just as well satisfied had they spared the pane and sent him half-a crown by post. But that would never do; these good folk would feel there was a something lacking; they wished to see the man busy with his foot rule and

daubing the putty with his thumbs. They have no precise reason to give for wishing it ; they do not say that it is good for a man to be active ; for in that case, they would first take the trouble to enquire how the man's leisure hours are spent. But that at any rate is not their argument. The idea that has captured their minds is the far more venturesome hypothesis ; that the plumber wants or should want to mend windows, the miner to dig coal, and the engineer to manufacture machinery, for the work's own sake, which is a very different matter.

A Chinese writer tells the story of a tactful mandarin who at the close of a long and honourable career, retired to the borders of a lake, where he spent the remainder of his days in angling for fish. For so skilled a man his sport seemed singularly unproductive, till one fine day it was discovered that he used no hook at all upon his line ; for it was not, it seems, his intention to catch fish. In China this may pass for the wisdom of a philosopher ; but we should call it the act of a fool. Here in Europe there is a strong presumption that if men angle, they angle to catch fish, and upon the same sound principle, they work, if they work at all, in the expectation of reaping some return. Labour, in other words, is a means to some end beyond itself. First and foremost men work not because they want to, but because they want something which work alone can give.

Yet for all this, many men love their work ; it is something more than habit or sense of duty which keeps them at their desk or at their bench long after the actual necessity for work is gone. The truth is that the love of activity, the desire to be up and doing is far stronger in our nature than the love of ease and leisure. Between the alternatives of action and inaction few would hesitate in their choice ; least of all those who have experienced the tedium of an idle

life. In a recent book, entitled "the Great Society," Mr. Graham Wallas has recorded the various answers given by a number of girls and women to whom was put the question, whether work brought them happiness. Almost without exception they asserted that it did, and the reason in every case was laid upon the misery of a purposeless existence. "It is so lonesome at home." "At work I am always happy;" "it leaves me no time to think;" or "it is nice to feel you are some use." All their answers were in the same strain. Yet by a curious contrast the verdict of the men to whom a similar question had been put, was equally decisive, but in the opposite direction. "Questioned with regard to pleasure in work, engineers say it is all toil. They admit there is a certain pleasure in a job well done; but they say bad conditions knock the pleasure out. Coal miners generally say the work is all toil, but one man said he would sooner be at work than idle; another that he can take pleasure in the work for half a day when he knows he is going to have a half-holiday. A third said that there is a certain pleasure in digging out coal, when you have a good place; but that pleasure is just in the expectation of making a good wage. Factory workers (*i.e.*, textile, bootmaking, etc.) agreed that work is all toil." There is only one exception, "Ashby, our agricultural labourer, is very emphatic with regard to the pleasure to be obtained from agricultural work." At first sight the contrast may appear puzzling; but the explanation is not, I fancy, far to seek. The men spoke as never having known what it was to lead an idle life. The cause of their dissatisfaction lay, not in a dislike of work, but in a distaste for the particular kinds of work which circumstances compelled them to perform. A doctor, a scientist, or a teacher would have a different tale to tell. These do win happiness through their work, because they find in it a means of *self-expression*.

There is a vital energy in man which craves an outlet, ideas, emotions, inspirations, which demand to be translated into action ; and we must believe (unless we are to despair of human nature) that every man, however indolent or stupid, has some hidden talent, some innate capacity which it gives him pleasure to employ. One, may be, is ready with his hands, and longs to gratify the instincts of a craftsman ; another has a taste for the sea, and delights in the navigation of a boat ; a third loves flowers and finds happiness in growing them. To these their several occupations echo in some real sense the inner workings of their personality. But the trouble is not so much that the wrong men find their way into the wrong professions, but rather that the great majority of trades afford men no such opportunity of realising their true selves. Most of the talk about the " blessedness " of manual labour is sheer cant ; if those who use that phrase were to spend twelve months in digging coal, or laying bricks, or ploughing up the soil, they would soon realise that in such tasks of unrelieved monotony there is small satisfaction to the soul of man. Ten hours of hoeing in a field of turnips may be good moral discipline, but discipline implies preparation for some further and higher purpose. Soldiers are drilled that they may keep their ranks when the day of battle comes ; but the realisation of the soldier's self comes not in the drill, but in the victory. So the drudgery which turns human beings into unintelligent machines, is not what human beings themselves desire, or should desire. The Greeks, who understood life better perhaps than most modern people, were quite clear upon the point. Aristotle held that no man had attained the full measure of his human birth-right who spent three-quarters of his day and all his energies upon purely manual labour. In the past the life-work of more than half the world's inhabitants has been as soulless

as the labour of a well-kept horse. Even to-day how much of human toil is still mere drudgery, death to the spirit and weariness to the flesh. Man has hitherto endured the yoke, not because he loves such toil, but because he is under compulsion to secure his daily bread. And therefore throughout the ages, it has been his constant effort, as it still is, to mitigate the severity of his necessary toil.

(ii.)

MAN differs from the rest of the members of the animal kingdom in this, that while their destiny is shaped by something other than their individual choice, he, being master of his fate, discerns the alternative courses which lie before him and chooses.

Some animals are by nature idle; the cow does nothing for its fodder: but lives by browsing. Others, like the bee, work with a restless industry which kills them in a month. The two types are poles asunder, with not a point in common; yet here is a man setting out with a fine audacity to emulate them both. Want heads him every way; to satisfy his needs he must toil like the bee; but then toil is painful; he is in no hurry to be dead; there is much to be said for the cow's life after all. What a cruel dilemma lay thus before primitive man! Fortunately he was muddle-headed from the outset; and he never sat down to think it out. If he had, he would be sitting there still, and where would be the solution? But man, little knowing how or why, works out his destiny at the last.

Consider the life, "nasty, brutish and short," which he led in the dark and painful ages of his infancy, stalking his quarry with a brittle flint, hoeing up the sods for his miserable corn crop with the beak of a

broken bough, grinding the grain between two boulders, and then, as like as not, going hungry to bed, because the rain put out his fire. The wonder is that he should have survived at all. For to make matters worse he bred and multiplied exceedingly, and just when it seemed to call for a miracle to provide food for all the mouths, the miracle actually did happen. For there broke on his dull brain the magic of invention. Some bright spirit,—Tubal Cain is the name which legend gave him—was one day discovered turning up his fallow with a preposterous implement to which he had actually harnessed the elder and stronger members of his family. I have little doubt that his neighbours called him ugly names, said that this was an improper use of children, and that it was worse than useless to plough the soil so deep, and generally prophesied disaster. None the less his crop succeeded; he had broken four acres to his neighbour's two, and ear for ear his yield was twice as heavy. After that inventions followed thick and fast; first came wheeled carts, saving an infinity of trouble; then boats for the navigation of seas and rivers; more wonderful still machines which would turn yarn into cloth with twenty times the speed of the most skilful hand weaver. By the time all this was accomplished, it might be thought that man would have been contented with his lot; for food of a sort was now plentiful; his labour was lighter; and the animals had long ere this been made his slaves and upon them were foisted the least attractive of his tasks; he might well let invention be; but not a bit of it; he went one better and proceeded to harness, as they say, the elements. Fire, water, electricity (we have reached our grandfathers' time by now) were each in turn summoned in to pay; and he can boast to-day of engines and machineries so powerful and efficient that one man at a lever can perform the function of ten, twenty, or a hundred

hands ; from which it may be seen that though thinking may not add one cubit to our stature, it can multiply our food and drink a thousand fold.

Thus man by the use of his native wit has succeeded beyond belief ; mechanical invention and scientific study of the earth's resources had performed a miracle of progress ; yet even this would have been impossible but for one other and most important principle of method. Organisation is the main-spring of all success. Just as victories do not fall to a rabble, and a nation at war must organise, so man might exhaust all his ingenuity and lay his schemes never so wisely, but hardly a step of progress could he make without the disciplined co-operation of his fellows.

There was once a time (though it is so long ago that I daresay historians would deny it ;) when every man was jack of all trades ; he raised his own corn, baked his own bread, manufactured his own implements, and was, in a word, his own butcher and baker and candle-stick maker, as well as his own police constable. We may be sure that he was an indifferent performer at such a variety of jobs ; and the mere time he wasted in passing from one to the other was lamentable. But it was not so long before he discovered a better way. Were he himself to give his whole day to raising of the corn, while another man's business was to grind it, a third to bake it into loaves, and a fourth to distribute these among the neighbours, what an economy of time and what an increase of skill would result all round. So each individual undertook to drive a separate trade, and specialisation became the order of the day. Ever since then this principle has developed more and more. until to-day even the simplest article of use is the work not of a single craftsman but of many. Half-a-score of processes for example, have gone to the making of this book ; one man set up the type, a second put it through the press, a third prepared the cover-lids, a

fourth pasted them together at the back, a fifth stamped the title, a sixth, sheared the leaves ;—and, in short, all that Caxton and his apprentice performed with two pairs of hands, now engages an army of workers. The result is that where the Westminster Press turned out a single book the modern publishing house can turn out a thousand ; and publication is so cheap that the deluge of printed matter is nothing short of a general nuisance. It is the same with every trade. Specialised labour is an art we have learned perhaps only too well, but though the clothes, pictures, furniture, crockery and wall-papers which our great factories shower upon us, are inartistic sorry stuff, they are at least both plentiful and cheap.

It is a far cry from the ample conveniences of modern life back to the naked destitution of our forefathers. Thousands of years have passed since they faced the grim alternative of grinding drudgery or sure starvation. To say that their dilemma has been solved is perhaps to say too much. The masses are still discontented with their lot, and heaven knows there is little remission from their toil. But there are those who claim that the solution lies already in our power, did we but care to grasp it. They tell us that we have only to abolish property, tax the land, nationalise the railways, adopt a tariff, or apply once and for all some grand heroic remedy and the millenium will be here to-morrow. I doubt if it is as near as that, or whether, when it comes, it will be by such means as these ; but it is something surely that such a hope is even whispered. We may not yet have reached the goal ; but let us at least recognise what a distance we have travelled.

Man's first aim, as we said, was the satisfaction of his wants. How far has he achieved that ? He began life in a beggarly fashion, scarcely able to keep body and soul together. Now, even the poorest are able to feed, house and clothe themselves and find, perhaps,

a trifle over to send the children to the picture palace. The greatest change of all has come during the last hundred years: and though there is no need here to institute a statistical comparison, or estimate the scale of wages, the price of comforts, or the purchasing power of money in 1817 and 1917, yet it is worth while to set down a story told of a country labourer just a century ago. When he was already an old man, he was asked, as a point of interest, to recall what had been the most memorable treat in his long, but uneventful life. His reply must have come as a shock even in those days; else it would hardly have been recorded. He could recollect, he said, having enjoyed no greater pleasure, taking all in all, than when by a rich neighbour's bounty he made a meal off a cold rice pudding. Such an answer is simply unthinkable to-day.

Man's second aim or desire, as we have seen, was to reduce the severity of his daily toil. How far he has succeeded, is difficult to compute, the conditions of industry have so changed and there is so wide a difference between the labour of the mediæval peasant, and the labour of the modern factory hand. There are still no doubt many trades which require a great out-put of physical strength. Nevertheless, upon the whole, the advent of machinery has in a very high degree lightened the burden of labourers. The best proof of this lies in the fact that during the war women have been able to take men's places in the factories and (what is more) have maintained the output of production at a rate but slightly lower than in preceding years.* Labour to-day demands perhaps more concentrated energy than in the past; yet that concentration is itself a step nearer the goal. It may be that the primitive man was a bad time-keeper, and I daresay that the Anglo Saxon labourer idled behind his master's back, but I wonder what either of them

* In many cases even higher.

would have thought had he heard men seriously proposing the introduction of an eight hour day.

The world is not perfect yet ; many work too hard and go too short ; but the great change has begun ; and labour to-day claims shorter hours, entails less physical exhaustion, yet at the same time is infinitely more productive than the wisest prophet could ever have foretold.

Yet it is not to be thought that the march of civilisation is a sort of Rake's progress, and that as life becomes easier and pleasanter for man, he must needs fall into careless, idle ways ; far otherwise. His vigour is not diminished by the increase of his powers. The better trained his mind, the greater his capacity for work ; and as work becomes more complex, it calls for a more concentrated and effective energy. The performance of modern music (to take one striking instance) demands an exercise of mind and body, such as no mediæval minstrel ever dreamt of. The modern craftsman may work short hours ; but during those hours his whole energy and attention are set upon his task, nor is even his leisure wasted after the manner of the agricultural labourer, whose favourite relaxation is a complete vacancy of mind. The world, in short, will be found more alert to-day, more ambitious and (if you will) more restless than ever it was before. Our life is crowded with incident and variety of occupation ; and if reformers clamour for a reduction of working hours, it is not a sign that the race has become lethargic or enfeebled. Rather it points to a fuller and higher conception of life's purpose, and reminds us that there exist other activities than the winning of daily bread. For, in a sense, all activity is work. The reading of a book which kindles ideas or informs the mind is work ; talk which sets the brain thinking is a more worthy use of time than hoeing turnips. So what we need to consider is not how much

or how little work we ought to do, but the quality of what is done. And above all, let us remember that it is the motive that determines what the quality will be. Even the highest forms of work may seem mere drudgery when the right spirit is wanting : but the meanest task performed for an ideal is changed from a burdensome necessity and becomes an inspiration and a joy.

But, though I suppose every thinker from Aristotle downward has agreed in ranking the mental activities as higher and more desirable than activities of the body, yet we must not fall into the error of depreciating physical labour. It is not necessary merely, but wholesome too. We consider a man who never uses his brain, to be little better than a brute ; but the opposite extreme is equally undesirable ; and there is something almost inhuman about the man who forgets the existence of his body. The intellectual and sedentary life requires some antidote. It matters but little wherein that antidote is found ; whether in sport and active recreation, in the exercise of art and craftsmanship, or even, (where Ruskin once seriously set out to find it) in the more strenuous exercise of stone-breaking. What seems of more importance is that leisure should mean for us all not activity merely, but activity in some sense complementary to our professional work. Even so in this dualism of occupation a genuine difficulty seems to arise. I mean that for the majority of men to-day life is, as it were, divided into two compartments, the time during which they work with an object, and the time which they waste for want of one. So they come to regard leisure as a mere cessation of activity, or at best as an activity that has no purpose. If, as is probable, the future development of civilisation makes bread-winning more easy, and reduces still further our daily task of necessary work, the problem will be even more acute. The time may

come when a six hour working day will be the rule ; and then we shall be even more at a loss to utilise a leisure thus enlarged. A real need will be felt for a motive which will give a fresh unity to life and enable a man to feel that all his activities are directed to one purpose and not two. That motive cannot be a merely selfish motive ; for the longer are the hours of leisure, the more inadequate will mere amusement be to fill them. So men will naturally be driven to devote more of their spare time to acts of useful service. Each in his own way will contribute something towards making life more pleasant, more enlightened and more beautiful for his fellowmen ; and in so doing he will find more contentment than in his wasted hours.* And, since this motive of service is also the motive by which all true and honest work is inspired, we shall find in it the very unity of purpose which we have sought. Nor is it strange that such an ideal alone should satisfy ; for alone it is able to give to the scattered incidents of life a clear connected meaning. It is not like that spurious religion which begins at the Church door and is forgotten from Monday morning till Saturday night. It embraces the whole of man's activities, and passes with him from the toil and sweat of the workshop into the pastimes and amenities of life.

* If this statement seems to strike too high a moral note, it is only necessary to refer to the Boy Scout movement for support of it. Boys are happier doing a "good turn" to a neighbour or improving the efficiency of the troop than they ever were when idling at street-corners or attending the local cinema.

CHAPTER III

CAPITAL

LIVING as we do in an age which the triumphs of human skill and ingenuity seems to have set upon a plane immeasurably higher than all the civilisations of the past, there is little wonder that the modern world has begun to have a fine conceit of its own wisdom. Seeing Science thus miraculously exploited, Nature already mastered and pressed into our service, a prosperity more widely extended and a civilisation more progressive than ever was before, we conclude that we are a little better, or a least a good deal wiser than the fathers who begat us. And so, like the thankless heirs of some great inheritance we over-look or underrate the debt which we owe to the patient toil of the scientists, chemists, and mechanical inventors of the previous century and even of those forgotten pioneers who first devised the axe-head and the plough. When we boast of the triumphs of modern progress and plume ourselves on the giant strides we are making, we should in very justice recollect that it is often the first faltering steps which count the most.

But it is not only to the more brilliant spirits of discovery and invention that we are debtors. The great host of unnamed workers who tilled our fields and set up our homes, dug our mines and bridged our rivers, have also a claim upon our gratitude. It is to them we owe, in part at least, the vast hoard of accumulated wealth which every generation bequeathed to its successor. They, like thrifty parents, built up the capital, of which we, their sons and heirs, enjoy the interest.

Capital is a word with a falsely financial sound about it. Too often we speak of it, as though it were a matter of bank-notes or dollars or pounds sterling, a mere parcel of stocks and shares, or a deposit at the bank. But these are only the tokens and arithmetical symbols of capital. For capital itself may take a thousand or ten thousand forms.

The short parable which follows will make my meaning clear.

Not many years ago, Mr. Pennywise, the well-known print collector, who then lived in a villa at Ealing, and worked in the city as a clerk, having saved a couple of hundred pounds, invested the whole of that sum in Mexican Railways—a transaction calculated, as he thought, to bring in due course a welcome addition to his income. He flattered himself vastly on this wise disposition of his savings and entertained a secret contempt for an improvident neighbour who had expended a similar sum upon the purchase of a car. The railway dividends, when they arrived, exactly covered the cost of a second class season ticket to town where his business then took him every weekday of the six. His neighbour on the other hand, who had been previously accustomed to travel with him in a third-class carriage, now preferred to make the journey in a car. Both men were well-satisfied with this change in their daily habits, and with the use to which their capital was put, but as events proved the owner of the car still continued to enjoy the luxury of his morning and evening drive long after the calamitous outbreak of civil war in Mexico and the subsequent collapse of Mexican Railroad stock. During the next year and for many years which followed, the Mexican investment paid no dividend at all, and this disaster so changed the financial preconceptions of Mr. Pennywise that he resolved to employ his future savings in the purchase of old prints, in which, as it chanced,

he had an excellent taste, and from which he derived a satisfaction that was not merely highly genteel, but perfectly secure against the accidents of revolution or finance.

Thus do men employ their capital, some this way and some that. In essence, capital never consists in money, but in such things as railroads, motor-cars and prints. When Mr. Pennywise lost his dividend, each morning still brought his neighbour a not inadequate return for *his* investment, in his daily ride to town ; and long after the car was on the dust heap, Mr. Pennywise continued to enjoy the contemplation of his prints. And last year, when his collection was sold at Christie's the proceeds of the sale established his widow and sorrowing family in a secure and comfortable fortune. Capital is wealth saved, and not consumed wealth : Wealth consumed gives satisfaction to our wants, but *wealth saved is the means to the production of more wealth.** Let us take an illustration more obvious and simple than the cases hitherto discussed. The first rude axe made by palæolithic man was capital to him. Its manufacture arose, as we may guess, from his having more corn than he could eat. The harvest was for once unusually productive, and he had enough to last him for two successive years. So when seed time came round, it did not

* The purchase of a motor-car might at first sight be reckoned as spending or consumption of wealth rather than saving it. On second thoughts however, it will be seen that whatever vehicle enables a man to reach town more quickly and there to spend his whole day upon productive activity, has as much right to be classed under capital as any other article which assists him in the business of production ; for instance the railway truck which brings coal to his office or the telegraph wire which provides him with commercial information. Indeed nothing is more difficult in practice than to draw a line between consumption and investment. Very often they are simply relative terms. Expenditure, which is *consumption* relatively to what a man has already earned, may very well be *investment* relatively to that which he may by its means be able to earn or produce hereafter. Even in the eating of a loaf of bread this twofold aspect is present.

find him in the field. He was up in the mountains chipping at a flint. This was a lengthy business ; but when at last the axe was made, he took it out into the forest and felled a tree out of which he fashioned a strange, but not ineffective implement for breaking up the soil ; and when seed time came round a second time, he was better armed than ever before. He soon discovered that his year's work had brought him a two-fold benefit ; first he was able to break up a double acreage of land producing at least a double quantity of corn ; and secondly he was able to break it with half the expenditure of strength. His new tools were a permanent aid in the production of fresh wealth, and from them he derived a recurrent benefit—and not he alone but his sons and his sons' sons after him. His axe and spade perished, or were discarded ; but other and better implements took their place. And so by slow degrees the world became immeasurably richer, being stocked by centuries of labour. We, the heirs of those who have gone before, live in houses we did not build, draw water from cisterns we did not dig, and eat the fruit of vineyards and orchards which others planted long before our time. Implements of a thousand kinds, machinery, mines, railroads, ships, harbours, and whatever else we inherit, these are the things the possession of which makes life so easy for us, and the lack of which would make it at once so difficult. They are the world's capital.

All capital comes from a surplus. By the nature of things man is constantly consuming what he produces ; and if his consumption keeps even pace with his production, no progress can be made. Somehow or other he must get ahead of his consumption, pay his way in advance, steal, as it were, a march on time. The opportunity may come to him in one of three different ways—it may come by working harder, as the stone-age man might have made his axe by sitting up at

nights. It may come by working more intelligently, as when man first learnt to manure the soil and so increase its yield. Or lastly it may come by a stroke of fortune, an abnormal harvest, a lucky vein of ore, a discovery of some new property in nature. It matters little however how the surplus comes, what matters much is how the surplus shall be used. If, because the granary is full the farmer neglects his field, and like the rich fool in the parable, turns to indolent consumption, in due course the granary will be emptied and matters stand just where they were before. Even the man who hid his talent in the napkin acted more prudently than that. Yet a surplus resting idle and not put to proper use is capital in no true sense. For it is the essence of capital that it should breed fresh wealth, and secure to man some present advantage or profit. Whether the surplus sets him free to make a spade, weave a cloak or build a house, the issue is the same. For in each case his future equipment will be more complete as he goes about his business. With a cloak on his back he can brave any weather, he can dig his field quicker with a spade in his hand, he will sleep sounder and wake fresher with a roof over his head. In short, he will be not only a happier, but a more useful, more efficient and more productive man. His surplus has not been used as an opportunity for some momentary excess, a barren temptation to a superfluous meal or an idle holiday. It has turned to an interest-paying investment; and in the long run it will be found as it was in the fairy tale that the golden eggs are far more valuable than the flesh of the goose herself which lays them.

In practice, it is true, the use of capital is a more complicated matter. Now-a-days a man does not turn aside to labour in some new direction because his ordinary labour has brought him a surplus above his normal needs. He invests what he can save in a

company or business, or lends it to a bank which does this for him. Yet the transaction is virtually the same. If he buys shares in a cotton mill, he becomes owner or part owner of a machine which makes handkerchiefs for other men ; and these other men will give him money for the same wherewith to satisfy his own needs. Even when capital is counted in millions, and finance is one vast game of I.O.U's there is still no difference. When men speak for instance of the nation's capital, it is not of hoarded gold that they are thinking, but of our coal mines and iron foundries, our docks and steam-boats and ship-canal, our railroads and factories, not in England only but built by English enterprise and by English savings in every quarter of the globe. These, like the primitive axe-head, are simply the results of a surplus well and wisely used. Capital and interest are but new names for things which have existed since the world began.

And since the world has been going for a good while now, the bulk of its capital has steadily and prodigiously increased until the very face of nature has been transformed by the handiwork of man. Capital is all around us, not only in the roads by which we travel but in the lamps which light them up at night, not only in the dams which keep our rivers from flooding out the valleys, but in the pleasure-boats which cruise upon them. In a word, it is the whole paraphernalia of civilised existence. In every trivial daily act we needs must use this accumulated product of man's toil both past and present ; and we have come so to rely upon its use that if it were suddenly taken from us we should be plunged back into those dark and helpless ages when mankind lived and fed like beasts, when to sleep was to sleep under the stars, when to travel was to go afoot ; when each depended for his very survival upon brute strength, tough teeth and nimble fingers. These at least man still controls whatever catastrophe

befalls him—and when all his capital is gone even the bankrupt can command the price of his body's labour.

For us, then, who owe so great a debt to those who have gone before, there remains a corresponding duty. It is not for us to spend where they have spared ; nor is it enough to leave things simply as we found them. Both for ourselves and for those that will come after us, we must (if progress is to continue) accumulate still vaster capital, and put it, if possible, to still better use. Thrift in the years before the war was not a fashionable virtue, and even now, supposing the lesson of saving to have been learnt, we need to study more carefully the disposition of our savings. This is perhaps the crucial question, for the possibilities are legion. To invest our spare cash, like Mr. Pennywise, in prints, may well prove a profitable deal ; but æsthetic pleasure, however admirable in itself, does nothing whatever to satisfy the more pressing needs of man. Even the possession of a motor car, while adding to its owner's comfort and perhaps in some small degree to his efficiency, does not very materially contribute to that larger end. The Mexican rail-road on the other hand, though it turned out to be a temporary failure, must have added considerably to the world's supply of food. It encouraged settlers to open up new country, brought them implements or whatever else they needed, and then in turn brought back to others the products of their labour. In the use and investment of our capital, it is a real duty to consider not only the return which it will bring to our own pockets, but the service which it may perform to mankind at large. Capital, which merely ministers to the comfort or luxury of men, is less serviceable than that which provides them with the necessities of life ; and so long as the more pressing needs remain unsatisfied theirs is a prior claim. Yet, while we endeavour to improve and multiply the agents

of production, there is one agent which it is of first importance that we should not forget. We must never omit to foster that human capital (if so it may be called) which consists in the physical powers and mental efficiency of man himself. It is far better to build up a healthy, and keen-witted race than to erect an extra factory or mill. For machinery may be bought at too dear a price, if the economy which buys it starves the strength and vigour of men who work it. So it is obvious that the conservation of this human capital must take precedence of all the rest, and yet this is a truth which has too often been forgotten both by individuals and by peoples. The French nation is noted as a model of thrift; the savings of French workers are invested in every continent; yet (as some think) their economy has resulted in a standard of living which is too low for maximum efficiency; and it may well be that this passion for thrift is one among other causes of a declining birth-rate. The same mistake has, in the past at least, been only too prevalent among English manufacturers, who were often more concerned with building up their business and providing new machinery than with paying their employees a wage sufficient for their wants; the natural result has been that the workers' health has been sapped by insufficient nourishment; and so what the out-put of the factories gained by improved mechanical efficiency was lost again by the incapacity of the workers to perform their best work. It is clear that to strike a proper balance between consumption of income and economy of income is never an easy matter; but before all it is necessary to realise that we have not here to deal with two alternatives, which are mutually opposed, but with two courses leading to a single goal; which, is by whatever means, to achieve the most complete and permanent satisfaction of all human needs.

CHAPTER IV

THE PARADOX OF PROGRESS

NOTHING seems easier in theory than to prophesy milleniums. For ten thousand years man has toiled with tireless patience ; he has developed vast resources ; he has devised new and efficient methods of production ; and the time must surely be coming when he will reap the due reward of all his industry and thrift. In old age the individual labourer counts upon ceasing from his toil and enjoying his well-earned respite ; and when campaigning days are over, the veteran obtains his full discharge. Is there then for the human race at large no ultimate period of emancipation from the uncongenial drudgery of bread-winning ? Surely we may look forward to some distant day when the whole business of providing food and drink may be left to mere machines, and life may be given wholly to higher and worthier activities.

Yet when we cease to dream of what might be, and face the facts which are, we must recognise how little sign there is as yet of that day coming. For what do we see around us ? It is certainly no Utopian universe—the manhood of whole cities confined in stuffy offices and bending from high stools over the calculation of innumerable ciphers, the populations of broad counties spending their days in subterranean caverns intent upon their grimy mole-like business, the health of our women wasted amid the dust and rattle of unwholesome factory sheds, our men's vigour sapped before the scorching breath of furnace fires, our children taken from school and set to earn their

living at fourteen years of age. Every day competition seems to grow tenser and more bitter. The more trade thrives, the heavier seems the demand upon our workers; and, as the world grows rich, the more conscious does it become of the poverty of millions. Fate seems to have cheated us, as Laban cheated Jacob, and just when we look to receive our promised recompense, a fresh term is added to our labours.

In all this, if there lies no fault of ours which we can remedy, there is at least a puzzle to which we must find an answer.

Dean Swift professed to find one, when he wrote his "Modest Proposal" for utilising the children of poor people in Ireland. What was wrong with the world, as he saw it, was simply that there were too many people in it. We suffer from overcrowding, and the remedy which he suggested was nothing less than to make away with superfluous babies and use them as food for the table. What Swift wrote in irony, has been maintained by others in grim earnest. Some like Malthus, though they would perhaps draw the line at the cannibal feast, are convinced that the only hope for the ship of state is to jettison some of its crew. Others, though they have no stomach for the remedy, make no doubt of the disease, and exult in the fact that birth-rates are falling among the more civilised nations. And on the face of it, the argument is specious enough. Mankind has multiplied at an amazing rate. The population of Great Britain has more than doubled in a century. That of Russia increases by four millions every year. When there are so many fresh mouths to fill, it seems inevitable that someone must go short; and, if there is a shortage, the natural consequence is a desperate struggle to survive. In short, while the old quarrel between man and nature is beginning to be settled, the war between man and man is increasing in violence.

This sad and hopeless theory is happily mere moonshine. For the world is not within a thousand years of being overcrowded. That there are still huge tracts of country almost empty, is obvious enough ; in Russia a square mile supports a population of twenty-three persons, while in a prosperous land like Belgium the average was formerly 625. The real question is whether the resources of the country are adequate to support the increased population. Now, if science has taught us one thing more than another, it is that we know very little indeed of the wealth which still lies hidden in the earth. It is an unfathomed reservoir of which hitherto we have but skimmed the surface. Not a year passes, but it brings to light new products and properties undreamt of. Men have been farming for several thousands of years ; and yet how little do they understand their business. English cornfields for example produced, before the war, about one fifth of the grain which we consume. Yet we are told on the best authority that by making a clean sweep of our old-fashioned appliances and slow conservative methods, and by adopting a strictly scientific agriculture like the Danes, we might raise more than a half, perhaps three quarters, possibly even the whole of what we need. If this seems near to the miraculous, science has many such miracles in store. Long before our coal fields are exhausted, we may be certain that some substitute for coal will be discovered ; and until the resources of the earth have been fully and scientifically exploited, the growth of population need have no special terrors for economists.*

* In point of fact, there is a law, already proven in many European countries, that as the standard of civilisation is advanced, the rate of increase declines. The increase of population in Great Britain is now less than one per cent., in France there is a positive decrease. This is due in part no doubt, to the selfishness of individuals, but far more to the self-restraint of parents who prefer to bring up a small family in decent comfort and with a proper start in life, rather than to increase the number of their children to the prejudice of their future happiness and efficiency.

Indeed the argument might very well be all the other way. England could hardly be so rich to-day, if her population were no greater than it was a century ago ; for our coal-fields and our iron-mines could never have been exploited. The truth is that there is a positive advantage in numbers, if proper use is made of them. A battalion in which every member's part is regulated and the strength of all combined, is something more than the aggregate of a thousand men. Such things are not to be calculated by rule of three ; and it is the same with labour. What we need is to organise our efforts, to use each individual to the best advantage, and win our way not by sheer power of numbers but by scientific co-operation. If Japhet instead of joining his brothers in Noah's field had turned his attention to the science of manures and spent his time in pounding up Mammoth's bones, I have no doubt that his labour would have been more productive than it was by working with a spade ; and the harvest would have sufficed to feed the entire population of the Ark. And so to-day, when the nation increases in numbers, it does not follow that the new-comers will necessarily be set to work at the old industries. In modern campaigns they say that three men are employed behind the firing line for every one in the trenches ; and equally in the work of production a man contributes as much to the success of the harvest, if he makes a plough as if he drives it. So, though every acre of the earth were cultivated (which it is not) there would still be room for helpers in the workshop or the mine, or perhaps even more in the laboratory or the offices of the Board of Trade. The true function of science is to increase the efficiency of the race, and not to curtail its numbers. Wise use of man-power and skilful adaptation of machinery is the swiftest cure for our industrial distresses. For not only will efficiency increase production ; but also by the increase of produc-

tion efficiency will also be itself increased. Men who consume freely will also produce freely ; and experience shows that the well-fed and prosperous worker is more efficient and more productive than the destitute and hungry. Under proper conditions every new child that is born into the world, should be a reinforcement to our strength and not a drain on our resources ; meanwhile, in this faith, we need fear no rising birth-rate nor copy Spartan methods with our babies yet.

This old-fashioned bogey which so alarmed our grandfathers now counts among exploded fallacies, and if we seek to understand the paradox of modern progress and know why a world which has become so rich must still work so hard, we shall not look to the growth of population, but rather to the facts of human nature. The clue lies in studying psychology instead of statistics, and in endeavouring to reform ourselves rather than our institutions. The most sweeping social revolution could not alone avail to help us much. For the redistribution of the good things of life would be useless, unless the good things continue to flow in from field and factory. And if the flow is to continue, so must work also. The truth is that as long as human needs and appetites increase, the stress of work cannot be diminished. For a fact more permanent than private property, more universal than the selfishness of the rich is the inability of human nature to be content with what it has. Mankind is as insatiable as the leaky jar which the Danaids were for ever filling but which was never full. We are like children who demand jam, when served with bread and butter ; and then when given what they ask, immediately call out for cake. Half a century ago we learnt to ride on wheels ; but no sooner had we done so, than we sought some automatic method of propulsion ; so we have passed from one invention to another, until what was once considered a miracle of speed, now seems a snail's pace. Last of

all, having tired of such dull terrestrial motions, we have taken to ourselves wings and aspire to navigate the skies. Now, as we have seen, science and invention can do much to lighten the task of manufacture. By patient industry and forethought the business of wheel-making might become mere child's play and every man might own his cycle ; but if the moment that this has been achieved, man discovers a need for aeroplanes and motor-cars as well, he is imposing upon himself a fresh and still more arduous task. His energy and enterprise we cannot but admire, but if he grumbles at the trouble of producing them, we must tell him that he has only himself to blame.

It is perhaps too frequently forgotten that much as our capacity for production has increased, our capacity for consumption has increased along with it. This is, beyond doubt, both inevitable and right ; but no less inevitable is a corresponding necessity for work. Were we content to-day with the simple fare and scant comfort of the old cave-dwellers, one hour's work out of the twenty-four would easily suffice to meet the call. Even to maintain the standard of a century ago, we might well dispense with working overtime. But with that standard no modern labourer would ever be satisfied ; he expects and gets all manner of things his father never dreamt of. Not only does he keep a better table, wear smarter clothes, and furnish his cottage more pretentiously ; but as often as not he will buy his evening paper to read the racing results. On Bank Holidays he will take a trip to the seaside. Cheap gramophones are to be found in every home. The music halls are crowded. Life offers to him numberless new opportunities of comfort and amusement ; and naturally enough he desires to gratify these new found wants. But sometimes it seems to escape him, when he makes his frequent demand for shorter hours, that to all this growing plenty

there must be another side. Food, houses, gramophones and papers do not grow upon the hedgerows. They cannot be cheap and plentiful unless somebody works to make them so. Not even the working man can have his argument both ways. Leisure and pleasure are two excellent things ; but, being as they are mutually exclusive, a choice must be made between them. If the burden of production is to be lightened, there is one easy way and that is the limitation of consumption, and if we cannot have all that we want without intolerable exertion, we must be content with less. We must learn to check or correct the growth of our desires, or rather to discriminate between those which should be gratified and those which should be denied. Real progress lies not so much in the mere multiplication of our wealth, as in the proper discernment of what is true wealth and what is not.

CHAPTER V

LUXURIES AND NECESSITIES

EVERYONE would agree that there are many pleasures which it would be better to do without ; but the agreement ceases, when we begin to consider which they are. It might be an amusing exercise to draw some imaginary line between the " necessities " and the " luxuries " of life ; but in practice such a differentiation is as useless as it is impossible. There can be no disputing about tastes ; and what one man considers indispensable to comfort, his neighbour thinks an unjustifiable extravagance. For what, are after all, the " necessities " of life ? Food and drink certainly ; but how little or how much ? Clothing is a necessity to most of us ; but not to the native of Kikuyu. Houses are indispensable, I suppose, in northern climates ; but umbrellas, clocks, ornamental furniture and pictures, we could do without every one of these at a pinch ; yet who would discover a " luxury " in the purchase of a drawing room table or a cheap print of Raphael's Madonna. Or, again, if past history is to be considered, we find no fixed or level standard. Now-a-days a decent drainage is considered a necessity ; but the Athenians with all their culture and æsthetic taste, were not of that opinion. And most certainly we should not thank some candid admirer of the middle ages for reminding us that life is tolerable without a bath.

The fact is that the " luxury " of one generation is the " necessity " of that which succeeds it. What the few enjoy to-day as a privilege, the many will demand as a right to-morrow. Human beings are

imitative creatures. If my neighbour hits upon some new convenience or ornament of life, I, when I can afford it, shall follow his example. So the habit spreads till it becomes a fashion, until our children will never be content to be without it, and that is how the world moves forward. For this reason it would be not merely idle, but positively dangerous to ban all luxury, or to condemn the man who enjoys what others lack. If nobody had ever for his own convenience invented the luxury of a bathroom, our houses would all be bathless to this day. Somebody must take the lead ; then the rest will follow like a flock of sheep. So long then as the present social and economic order of the world continues, the forward march of civilisation will depend mainly on the enterprise of individuals and even the plutocrat may prove useful as an apostle of progress.

And indeed it is no mere concession to self-indulgence that allows the list of so-called necessities to lengthen. Only the savage lives purely for his stomach. Among civilised men other unnecessary tastes call for satisfaction ; and, as Plato said, a life supported on a bare margin of necessities would be fit for nothing but a " town of pigs." It was never man's duty or his desire to rest content with a minimum ; and the fulfilment of the higher part of his nature requires not the necessities alone, but a whole pantechnicon of comforts. It is a favourite maxim with philanthropists that men cannot be good so long as they are paupers ; and although genius has sometimes thriven under the severest of conditions, the best work is generally done by those who are least handicapped by privation or discomfort. Most of our own great poets (though poets and artists are popularly supposed to starve) have been men of comfortable means. The nerves and health of the business man would suffer, if he could not retire nightly to some distance from the town ; the scholar's

work is in some measure dependent upon the comforts of his study and his fireside chair; and no Prime Minister would be efficient who was forced to make his own fire or to black his own boots in the morning. In short, the more we intend to give the higher faculties free play, the less interference must they suffer from the body. It would indeed be an evil day for man when he ceased to employ his hands and muscles; but he should be master and director of his physical energies, not the slave of his physical needs; and, as time goes on, he will more and more rely upon artificial conveniences and comforts, and eliminate the many minor occupations which now encroach upon the main business of his life, and the many trivial anxieties which distract his mind from better and worthier things.

Yet, though "luxuries" may help the individual to attain some higher standard of usefulness or culture, it must not be forgotten that his advantage is almost inevitably some other person's loss. If the supply of both work and wealth were unlimited, I and my neighbour might each of us have plenty, and the indulgence of his luxurious habit need not be made at my expense. But, unhappily, production is not unlimited. The same field cannot produce potatoes for him and pine-apples for me; nor can a workman make boots and silver buckles simultaneously. If then I must go hungry that he may enjoy dessert, or ill-shod that he may have fine buckles to his shoes, it is not so easy to observe the precepts of the Tenth Commandment.

This is precisely the grievance which the necessitous poor may justly entertain against the luxurious rich. Even though the latter's wealth should not be wasted on mere personal enjoyment, but wisely spent in the service of science, art or culture, yet none the less the many suffer (for a time at least) by what the few will

gain ; for wealth and labour which might have gone to the production of necessities for the poor, will have been diverted to unnecessary production for the rich. When Mr. Lloyd George was conducting his famous land campaign, the correspondence columns in the daily papers were filled with the righteous indignation of the threatened land-owners. On the face of things he had some cause for his complaint. Here was he, so his defence ran, making of his park and garden an ornament to the countryside, advancing the science of horticulture by his experiments with pink carnations, and above all, providing work for a score of gardeners who would otherwise be thrown out of employment. Being a benefactor to the community on all three scores, he bitterly resented the unjustified attack of an ungrateful politician.

The answer to his arguments is obvious enough. " If," we should say, " every man, woman and child in England has bread enough and to spare, there is no more to be said, and your claim to social virtue may be granted. If however (as is very palpably the case), many a child goes hungry because bread is not plentiful or cheap enough to suit his parent's pocket, then all your fine arguments are not worth the cost of printing. As for the men who serve you, they would be employed just the same, if your park were ploughed up for corn and your garden thrown into allotments. And what is more, they would be employed to far better purpose. At present, their labour goes in the production of peaches and carnations ; neither of which will go to fill a single poor child's mouth ; but if the land were under crops there would be potatoes or grain to show for it ; there would be a substantial addition to the world's supply ; and, since bread and vegetables do not dissolve into nothingness, somebody would be fed who had previously been stinted.

The same argument holds good of luxury in all its many forms. If the price of imports is kept high, because a scarcity of ships makes freight dues heavy, then the Transatlantic liner with its bedroom suites and baths and tennis courts and promenades is a crime against society. If, again, cheap motor-buses are badly needed to carry labourers to their work, what right has the millionaire to occupy the mechanic's time in making him a car. It is difficult to see how this can be gainsaid, or how the sacrifice of these luxuries could fail to confer a direct benefit on others. It is too little remembered that thrift is a public service as well as a private virtue. When a man saves a hundred pounds and makes a new investment, he does something more than increase his own personal income. He also benefits the community at large. The benefit is more obvious and direct if he invests his money in a company which ministers to the public needs by making motor cars or merchant ships. But whatever be the form of investment he prefers, he is adding to the sum of the world's capital, and thereby increasing the total of the world's production ; and that is after all one of the simplest ways of making the world happy.

We need to think of the world more than we do as one great household which is affected for good or for ill by the thrift or extravagance of every member. The father of a family would be blamed for spending his wages upon drink, if this meant that his children would go short of bread and butter. On the other hand, he would be acting almost as foolishly if he failed to keep himself in food and clothing adequate to the maintenance of his own efficiency or position. Certainly, if he can afford to do so without stinting his family, it is a plain duty. He has in short to steer a difficult course between conflicting claims, and he must constantly be balancing one good against the

other. The same is true of the relation of each individual towards the social family. He too must balance the interests of others against the interests of self. The two often seem to be utterly opposed ; and they can be brought into harmony only by the knowledge that each individual has a definite part to play as a member of society and a citizen of the world. It is his duty to play that part as usefully and efficiently as he can ; and whatever enables him to do so, he is well within his rights in claiming. If he works better for some relaxation, let him by all means visit the theatre or the golf-course ; if he can talk or write or think the better for wide reading, let him buy books ; if experience of the world will broaden his judgment and his interests, let him travel. The indulgence of these tastes (if they are within the compass of his means) are at least a justifiable extravagance ; for though they involve some drain upon the labour and resources of the community, they confer an adequate benefit in return ; a man, who is cheerful and intelligent and open-minded, is at least not failing in one duty to his fellow-men. On the other hand, pleasures which lead nowhere, which take the bread out of other people's mouths, or which squander the fruit of other people's work without any such ulterior compensation, are indefensible, at best they are a selfish frivolity ; at worst they are a criminal waste.

In such matters it is of course impossible to lay down any fixed code or canon, or to say which luxury is justifiable and which is not. Every man must judge for himself according to his own nature and according to his own ideals. For one man a distant week-end journey may be time and money well spent ; for another the pleasure and value of the visit might be altogether incommensurate with the cost. In order to estimate the advantage or disadvantage of each expenditure, we must know not merely the whole

circumstances of the individual's life and character, but the economic condition of the whole world as well. To set a true value on every new departure from the normal standard of life, we should require the gift of prophecy ; for only if we were allowed to look into the future could we tell whether (all things considered) the new departure will have assisted progress or retarded it, or whether the direction of energy into fresh channels will have been a benefit or a waste. In such ignorance of future developments men once debated and doubted the value of the railway train, and even now who can tell if the course which modern civilisation is following is the right one, and whether our growing desire for novelty and excitement, our preference for town life over country life, and our restless pursuit of luxuries at the expense of leisure will make for the ultimate happiness or misery of mankind? The future is matter for guess work, and we must grope forward following our instincts, but still more reaching forward to our best ideals. We must first form in our minds some clear conception of man's destiny, and know what we would have him be ; and then perhaps it may be less difficult to discriminate between his desires and tell which is good to satisfy and which to refuse.

Economic science must remain ill-defined and inconclusive if it considers only the satisfaction of appetites or the regulation of supplies and there stops short. We seek wealth wherewith to satisfy our needs, since we believe that this will help to make us happy : and just because happiness is a moral and not a material state, we cannot neglect or exclude the moral issues which underlie the production and consumption of wealth. It is no profit to a man, if he gain the whole world and lose his own soul ; and in the last resort, the getting or the spending of wealth is nothing except as it affects men's character for good or ill.

Labour is wrong which serves but to satisfy some vicious craving ; and our desires are wrong too, if other men, that we may be satisfied, must engage on work which undermines the health or destroys the soul. So long as even one member of the community is deliberately sacrificed to the pleasure or gratification of the rest, we cannot claim to have reached the ideal state ; and the goal of political economy will only have been won, when every human being alive is both wise and happy, and has enough to win and to maintain a sound mind in a sound body.

CHAPTER VI

EXTRAVAGANCE AND WASTE

BEFORE however we try to picture the state of society which we desire to see established and towards which, so far as we may, we must endeavour to shape our future course, it is worth while to take stock of our present condition of the world, and to examine more closely some types of production which are without doubt wasteful or deleterious to mankind. I say production (though clearly the consumer who demands the goods is the primary cause of their manufacture) partly because production precedes consumption and is therefore more easy to regulate at the source, partly because the man who produces or purveys a harmful luxury is often as much to blame as the man who buys it. Human imagination is so feeble that we seldom know what we want until we see it ; and human nature is so weak that when we have seen we often lack strength to refuse. One sets the fashion and others follow ; and the consumer's gullibility becomes the producer's opportunity ; so the one may do as much harm by his haste to make money as the other by his readiness to spend it.

It is a common practice with economists to divide labour into two classes, productive and unproductive. This classification is clearly not to be taken in its literal sense ; for absolutely unproductive labour is a contradiction in terms ; unless it were the building of a house like a card castle simply in order to knock it down again, such a thing does not exist ; all labour is directed to some end and therefore produces

something. The true meaning then of the distinction must be this; some forms of labour tend to the increasing of man's real wealth, these are productive; others on the contrary to wasting or destroying it, these are unproductive. The most obvious instance of such destructive or unproductive labour is the manufacture of military material. From a national point of view indeed this seems to satisfy a legitimate desire for peace and safety; and nothing is more necessary than to be well armed, if there is a bellicose neighbour across your border; but for all that nothing does more to fritter away the wealth of the world. People talk sometimes as though the building of dreadnoughts or the casting of howitzers were a blessing in disguise, because forsooth it gives employment to so many thousand artisans. There could be no more pernicious fallacy; the labour of this vast host of men could be put to some far better use than the manufacture of instruments which are intended for no other purpose than to blow our neighbour's towns into the air or to send our neighbours' ships (built also at great expenditure of pains by them) to the bottom of the sea. The men who can build a man-of-war can also build a merchant ship, and lathes which can turn shells, can turn engine-shafts or cylinders too. To convert these warlike preparations into peaceful industries might once have seemed a difficult matter; but four years of war have shown us how swift a conversion may be possible in a contrary direction, and if we can beat our ploughshares into swords so easily, we can surely find little hindrance to beating them back again. The transformation could be achieved; and if it were, an immense economy would result from it. The nation would save I know not how many millions in taxation; and we should be free to invest all those saved millions in the building of merchant ships or machinery or whatever

we need. Under the conditions of the years before the war, the peoples of Europe have resembled as it were the builders of Jerusalem, who worked with trowel in one hand and sword in the other, a posture equally ill-adapted for good masonry or prosperous industry. To rid ourselves of this handicap, we must effect a complete reversal of the policies and relations of all the peoples of the world ; and even now who can say if such a miracle be possible ? But if there ever comes a day when mankind shall be free to get both hands to the work, an intolerable burden will have fallen in an instant from our shoulders.

There are other trades less honourable and if anything more deadly than the trade of war. To name but one, there is the manufacture of spirits and drugs that undermine the health and morality of whole nations. Opium and absinthe have wrought more havoc than many wars, and the suppression of vodka among the Russians has added as much to the national happiness as it can ever add millions to the national wealth.* But out of the bulk of the world's production there is comparatively little that can be called down-right destructive ; far more misdirected energy is wasted upon the manufacture of goods which are neither directly harmful nor directly beneficial but simply negative in their effect. Now, though these do not actually destroy the fruit of other men's labour ; neither do they add in the smallest degree to men's efficiency or strength or skill. In other words they are unproductive. Productive labour on the other hand does essentially add to man's efficiency and so pave the way for further production. It yields a return, so to speak, at compound interest, building up man's strength for fresh labours, and endowing him with skill or knowledge for fresh activities. The making of food and clothing is productive labour ; for though the food is consumed

* There are more than ever drunk now (June, 1918).

and the clothes wear out, yet we have something to show for them. The bread which builds muscle and the clothes which keep a man dry and fit and warm, render him more capable for his day's work, and so enable him to take his share in fresh production. Even less material satisfactions, such as art or social intercourse or sport, leave some permanent result behind. Pleasures which afford wholesome recreation to tired body or jaded mind are far from wasted; pictures music, poetry and learning store the mind with thoughts and memories and high ideals which are a possession beyond price and wealth for ever. But contrast these with the fruits of "unproductive" labour, unwholesome food which gratifies, but does not feed, empty pleasures which degrade and exhaust instead of ennobling and reviving, flashy ornaments which have no saving quality of permanence or grace. All these are so much honest labour and good material thrown away.

These satisfactions which do not satisfy, and pleasures which have no permanent effect, have been common in every age but perhaps in none so much as ours. The very facility and variety of modern mechanical production has flooded the market with meritricious and inexpensive articles, with the result that the standard of workmanship is lowered and public taste degraded. Vulgar taste is the pet extravagance of the century. The shops are full of goods which are cheap and nasty, yet tempting through their very cheapness. The poorer the buyer the greater the fascination which they will exercise upon him. In East London a lad will buy half a dozen shoddy cloth caps in as many months, though the combined cost of the six will far exceed the price of a single good one. It is true the manufacture of the cheap inferior goods is in many ways a benefit to the poor and is not in the strict sense "unproductive." They satisfy

indeed, but the satisfaction is transitory or superficial and their manufacture represents wasted time and wasted trouble, because it is not the best labour which men are capable of performing, and it is never good economy to give your second best. The demand for them encourages hurried, careless or *mécanical* work, and because such work is always liable to be underpaid (the trade in cheap shirts and ready made suits is notoriously conducted on "sweated" labour), the efficiency of the worker deteriorates and the quality of his future production suffers accordingly. The manufacture of half the goods which we see upon the counters, whether it be done by hand or by machine, is soul-destroying work which it profits no man to perform. And upon the consumer himself the craze for cheapness has an influence which is anything but good. He gets, it is true, "a lot for his money," but he does not in the long run profit by the bargain. In the first place, quantity is no true equivalent for loss of quality. Boots made out of paper will not wear, and the second rate watch takes a heavy toll in frequent visits to the mender. The moral effect is even worse; for the lure of fashionable smartness blinds the eyes to true utility and prevents us from setting a just value upon the strength and beauty of good workmanship. Lastly, it encourages thriftlessness under the semblance of thrift. The behaviour of ladies at a "sale" is an epitome of human weakness in this respect. Because we sight a "bargain" we buy what we do not really want; or at any rate what we cannot afford. We rent pretentious villas built of lath and plaster and adorned with hideous terracotta tiles; we fill them with furniture, not such as our forefathers once made to out-last centuries, and to be handed as an heirloom to generations, but miserable pinchbeck stuff that lasts a twelve-month and then falls speedily to pieces; we drink wine manu-

factured from currants, hang artists' "pot-boilers" upon our walls, dine off imitation willow-pattern plates, and all to make, as we fancy, a brave show, and practice upon the world's credulity. There is scarcely a feature of our modern life but bears witness to the crimes and follies committed in the name of cheapness.

There is one other form of waste which in comparison with this last might seem excusable or even meritorious; I mean the waste which occurs in production through the use of superfluous labour or the expenditure of unnecessary material. We should naturally applaud the man who lavishes superfluous energy upon his work from pure excess of zeal. But no praise is due when he does it from love of gain or from mere stupidity. We should call it culpable waste to employ two men to produce a thing when a single man could produce it just as well; yet in one way or another most manufacturers are guilty of this unbusinesslike proceeding. The most noticeable and obvious instance of such a practice is the *excessive* use of advertisement.* It may be needful, as things are, to advertise, all is part of the price we pay for the questionable advantages of a competitive market. But advertisement on the present scale adopted is far in excess of what is necessary for the simple purpose of giving information, and (though experts differ as to the exact amount spent yearly in this way) it unquestionably represents an enormous addition, both in labour and material, to the total cost of production. The consumer benefits, it is true, in so far as his attention is attracted or his interest artificially aroused; but even this is a doubtful blessing, and he little guesses how dear he has to pay for it. Some

*On the other hand, advertisement in moderation is not merely legitimate, but necessary. People must have information: and the spreading of information, if properly organised, is a real economy.

clever quack concocts a new pill, from harmless, and common-place ingredients; and then trumpets forth his great discovery in immoderate terms. His grateful dupes flock in their thousands to the chemist's shop and buy it, and the pill, for aught we know, may effect a multitude of cures; but would it have effected less if newspaper compositors had been spared the trouble of setting up a hundred lines of print extolling the virtues of the pill, or if some popular black and white artist of the staff of Punch had never been paid to prostitute his genius by designing humorous appeals to supposed sufferers, or drawing pathetic portraits of anæmic children? Has the drug acquired new properties, because carpenters and bill-posters are set to disfigure the country-side and make our streets more hideous by the erection of preposterous hoardings? All this labour, when we come to think of it, benefits nobody; and if it be a necessary feature of competitive trading, so much the worse for competition, and so much worse above all, for the unfortunate consumer. Yet, oddly enough he never seems to realise what an immense tax advertisement imposes upon himself. He imagines perhaps that when Messrs. X. present him with sample tins of cocoa or free catalogues of their summer sale they do so at their own expense. But if he reflected for a moment he would see that Messrs X. are out to make money. They require a clear profit over the working expenses of their business, and when they expend half as much again as the cocoa costs upon the advertisement of its qualities, they must of necessity raise its price in proportion. In fine, those columns in the *Daily Mail* and those hoardings erected in the streets are paid for somehow, and in the last resort the money comes out of the buyer's purse. We are a short-sighted, long-suffering people, and we take all this as a matter of course. - Yet if a gentleman kept a trained

journalist in the kitchen that while the cook was preparing the dinner, he might be composing a seductive *menu* to induce the guests to partake of her delicacies we should write him down as a fool or worse.

But business methods which pass for enterprising, smart and up-to-date are not the only or the chief cause of dissipated energy. Far more waste is caused by methods which on the contrary are lax, old-fashioned and inefficient. Our industries are often regulated upon a system which is twenty years behind the times. In many factories the machinery in use is of a clumsy and antiquated type; and if here and there a really up-to-date machine is to be found, it will hail as likely as not from the United States. Our railways are run without any strict notion of economy. Half their rolling-stock is kept standing idle from one year's end to the other; and it has even been asserted that the average distance covered by a single truck is not much more than one mile per diem.* Automatic methods of loading, which might be installed at no great outlay and which would more than pay their cost in the economy of human labour, are not seriously considered. There is a similar scope for reformed methods and better organisation in almost every department of industry; but perhaps the most startling and prodigious waste arises not so much in the process of production or manufacture but in the course of sale. The retail trade is not in itself an unproductive form of labour. Wealth is by definition that which satisfies my needs; and my needs are not satisfied by a heap of coal at a Welsh pit-head or raw tobacco in Virginia. The middle man who delivers the one at my house and sells me the other across the counter

* The estimate, which in the absence of statistical returns by the companies themselves cannot be final, is as follows:—1.57 miles per day at 20 miles per hour, *i.e.*, under 5 minutes per day in effective motion per waggon.

is rendering me as important a service as the miner who wins the coal out of the pit, or the dealer who manufactures a cigar. Goods must be handled in large consignments by wholesale dealers, and then passed on by them to the retail dealers for distribution. Each performs a useful and necessary part and rightly claims a profit on the deal. But it is neither necessary nor useful that out of a population of twenty million workers two million should be engaged in such an occupation. That is to say that every five families in the country employ one person thus to wait upon their wants. The links in the chain connecting the consumer and the original producer have in short been multiplied beyond all reason, and the facts have only to be stated to appear ridiculous. It was the natives of the Hebrides who according to Dr. Johnson's epigram earned a precarious livelihood by taking in each other's washing. But it has remained for the "nation of shopkeepers" to discover the more excellent method of waiting on one another across the counter.

But the indictment does not end there. After all these years of science and invention there is still scarcely a trade in which human energy is not squandered, scarcely a job which could not be performed with less effort and more efficiency by taking thought a little. We have yet to study the use and capabilities of the human instrument as closely as we calculate the power of inanimate machines: and here again there is much that America can teach us. Ever since the first experiments were made by James Taylor, of Pennsylvania, over thirty years ago, the methods known as Scientific Management have there spread rapidly. Taylor himself began his tests in loading pig iron. He first selected men of suitable physique: then he timed them at their work, varying the periods of activity and rest until he had ascertained the most effective combination. His deductions

drawn, he was allowed to put them into practice at the Bethlehem steel works: and at the end of some three years, the experiment has attained the following remarkable results. In yards where 400 to 600 men had been hitherto employed, 140 now sufficed. Each man was handling ten to fifty-nine more tons per diem; and his daily wage was increased by nearly seventy per cent. Taylor's idea spread: one of his followers made similar experiments in bricklaying. He discovered the ideal height for the mortar box and brick pile; he designed an adjustable scaffold: and at last by these and other devices he relieved the labourer of so much superfluous exertion in bending down and straightening up, in sorting out the bricks and turning them in his hand, that the number of movements that went to the laying of a brick were reduced from thirteen to five, and the tale of bricks laid by a single workman in an hour was practically trebled. We need not follow the history of the method into other trades. Enough has been said to show that scientific management may work a real revolution in industrial output. It has, no doubt, its dangers as well as its advantages. Too great a tax may be put upon the workers' powers: the work itself may become too stereotyped and too monotonous: and in general the whole system seems open to the charge that it treats the human being too much as a machine and leaves too little to his own initiative. The antidote is not far to seek. True scientific management will study psychology as well as statistics. It will consider human needs as well as human capacities. And it will give individuality full play, because the best work demands it. At any rate it is clear that much purposeless waste of effort now goes on which careful regulation and adaptation could prevent. Problems of man power are not confined to war: but war may have taught us a better and wiser use of it: and when

we have learnt the lesson, we may count upon a sure reward. The day will come when every labourer will be not merely more efficient in his work, but more prosperous, more leisured, more contented. It is a fact worth noting that wherever the Taylor system has been introduced, strikes and labour troubles are said to be altogether unknown.*

Habit is strong ; and to remedy this state of things will take many years and much careful organisation. But amongst other things the war has proved a great awakener ; and little by little the forces of sound business and true economy will probably prevail over our haphazard and extravagant methods. Already the small shopkeeper is struggling hard in competition with the great stores which traffic upon a larger and less wasteful scale. Our industries too, are waking up ; their leaders are beginning to put their house in order. Science has now become the battle-cry of commerce, and with better organisation and more up-to-date equipment our factories will outstrip all previous records of production. There are signs too that the other manifold abuses of our economic system will presently be reformed. The thriftless and selfish use of riches will be curbed ;—let us hope by men's own voluntary sacrifice and their sense of public duty ; but if not, then it will be done by presure from without. The patience of democracies is not unlimited ; and the will of the majority is found to prevail in the end ; and if the cupidity and self-indulgence of the few continues to waste the wealth which is vital to the welfare and progress of many, then the state has many weapons ready to her hand. If land is withheld from profitable cultivation for motives of financial gain or private pleasure, then the law may one day

*Concerning the whole system see "The Principles of Scientific Management," F. W. Taylor and "Psychology and Industrial Efficiency," Hugo Münsterberg.

intervene ; heavy taxes may, if needful, be imposed upon the owner ; or if that is not enough, there is confiscation as a last resource ; which as it were by a stroke of the pen would convert pleasure parks into corn-fields and shooting moors into timber forests. Railways, coal-mines and even factories may one day be taken out of private hands and run in the interests of the whole community. Many experiments of this sort are already within sight ; some have actually been attempted. We have fallen indeed under the spell of the Socialist Gospel, and being blinded by the dazzling promise of democracy we look to her to perform miracles and remove great mountains. But let us not be deceived ; if we pin our faith on legislation it will surely fail us yet, and our goal will seem as far away as ever. It is easy to confiscate ; it is less easy to create. The salvation which we seek must be sought in the change of man's own self and not in the mere reform of institutions. No act of Parliament can make a people good ; neither can it make them truly rich or truly happy. By compulsion, you may check waste, eliminate extravagance, organise industry and ease the dead weight of man's necessary toil ; but there the operation of compulsion ceases ; it can never cultivate in the producers the lively spirit of invention, nor a pride in honest craftsmanship ; it can never teach the consumers to prefer good work to cheap work, nor to set quality before quantity and satisfactions which are solid and beneficial before those that are frivolous and worthless. This change can only come by the gradual education of men's tastes, and intellects and consciences, never by the drafting of rules and regulations. Compulsion alone is powerless to realise man's highest destiny and his best ideals, nor will it avail in ten thousand years to unlock the gates and people the streets of the fabled city of Utopia.

CHAPTER VII

UTOPIA

(i.)

WHAT society will be like, and how man will live in the days when all are wise and happy, has been the theme of many a philosopher, from Plato and Sir Thomas More down to Mr. H. G. Wells. As is to be expected no two of them are agreed together ; for it is impossible to say for certain what posterity will want or perhaps even what it ought to want ; and at best we can only guess. Nevertheless such guess-work has its purpose and its uses ; for did we not have some notion whither we are bound, how could we tell the road ? There are times in the world's history (and this present may well be one) when we stand doubtfully at parting ways and when we must try to discern which of two roads will lead us to our goal. We are tempted naturally to take the more direct and then, too late may be, we shall discover that the road we took was a wrong turning and the more devious and difficult was the right one after all. Therefore, to draw, if only in imagination, the lines of our ideal society, is but to mark, as it were, our destination on the map ; yet with this difference ; in the map the country behind us and before us is equally explored ; in the chart of human history only the past is certain, what shall be can only be conjectured from what has been and what is. So, from the start we must assume (not blindly indeed, but with good reason) that the principles which held good yesterday and to-day will hold good to-morrow also ; and that however custom and circumstance

may alter, the instincts and ideals of human nature will in essence remain unchanged.

Among all the pictures wherein men have foreshadowed the coming of that ideal State towards which we all hope the world is moving, not the least daring, and yet perhaps the most truly and imaginatively drawn, is the work of William Morris. No student of political economy can read his "News from Nowhere" without a genuine delight, nor put it down without some re-awakened hope for human destiny. One great advantage at least it can claim over its predecessors, in that it was written after the Industrial Revolution had matured, and when our experience of the new uses of machinery had already taught us something both of their blessing and of their curse. On Morris' own mind, it is true, it was the evil side of this development which made the more lasting impression. He depreciates almost wilfully the value of mechanical invention; he would fain break down the factory and the engine to set up the joiner's bench and the blacksmith's anvil, so dogmatically does he deny the right of dynamo and power-wheel to replace the craft of hand or skill of eye. Yet, by whatever narrowness of vision the mediæval sympathies of Morris have availed to warp the details of the picture, none the less its main perspective is accurate and broad; its atmosphere shines true. His ideal country is a very human place, his men and women find happiness in just those things wherein men and women have always found them. His at least is a society which we might love and welcome; and whereas Plato's Republic is too stern and grim for most of us, More's at once too naïve and too sophisticated, I doubt if the man exists who would not most gladly and thankfully awaken, as Morris' hero woke, to find himself a temporary inhabitant of the delectable country of Nowhere.

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It was (or so it seemed) a beautiful bright morning of June, when he left his suburban residence very early before breakfast to take a stroll by the river-side. He was a Londoner of Radical instincts and member of a club of red-hot Socialists, whose tongues had wagged freely overnight concerning the great revolution which was one day to come over the world. His thoughts, as they ran back over the academic arguments of the debate, were suddenly distracted by the changed aspect of the scene before him. He stood by the Thames, yet somehow not the Thames. The ferry-man whom he engaged to row him out, was dressed in a flowing blue tunic and talked like a well-bred courtier. As he rowed the boat down-stream past a sleepy, smokeless Hammersmith, discoursing strange things, as he rowed, concerning the salmon fisheries of Putney, they came presently upon a bridge so grand and fanciful that it outvied the Ponte Vecchio itself for strength and beauty. By this bridge the ferry-man moored his boat and brushing all offer of pay aside, conducted his astonished fare to a restaurant or "Guest House." This Guest House was a frescoed hall with Gothic windows, marbled floor and open timber roof. As the pair entered, the waiting girls left scattering their balms and lavender upon the floor, and, taking each guest by the hand, led them to a table whereon were set ripe strawberries and roses freshly gathered from the garden plot outside. There sat down to table with them a Yorkshireman, a weaver by trade, who (as his friend the ferry-man explained) had overdone himself between working at his loom and his mathematics, and had come to stay in London, of all places in the world, for an out-door holiday. The Guest (for so the two friends agreed to call our stranger) was consumed with curiosity to know what all this might mean, but when he read upon the wall an inscription dated 1962, heard his companions talk of

Epping Forest cleared of houses, and finally was introduced to a dustman who wore a surcoat of embroidered gold, and whose leisure hours were spent in writing "reactionary novels," he left his doubts and his questions unspoken, and abandoned himself as to a preposterous dream.

The ferry-man, whose calling seemed to make no special claim upon his time, now proposed to take the guest out for a drive and to show him the sights of London. So the Golden Dustman was dispatched to borrow them a horse and cart, and off they went. The sights of London were the most miraculous of all. What strange sights the Guest saw there and what stranger facts were then disclosed to him, how he met an aged antiquarian and heard from his lips the true history of the great change, how he learnt, that all central governments were abolished and Parish 'Parliaments reigned supreme, how he found the great metropolis as modest, cleanly and demure as a little market-town, Kensington a landscape dotted with green trees, and Piccadilly a "short street of handsomely built houses," how Trafalgar Square was an orchard full of apricots, and the House of Commons a storage for manure ;—all this is a long tale which would but spoil in the telling. But, in brief, it was a changed London and a different world, different in the simplicity of the people's taste, the sober neatness of their dwellings, the beauty and aptness of their dress ; different too in the tranquil course of their work and leisure, free alike from anxious hurry as from vulgar dissipation ; but different above all in their frank good-natured happiness and their unfailing zest to be always doing a neighbour some good turn.

In their work (and they are indefatigable workers) the first and guiding principle is to study the needs of others, the second to choose that task which best is suited to the aptitude and taste of each ; the third, to

do whatever their hands contrived, with all their might and in scorn of slovenly or hurried workmanship.

Manufacture is now wholesome where it had been foul and sordid, agreeable where it had been distasteful, a quickening joy where it had been a deadening drudgery. In short, it is become once more, as by its very name it should be, a craft of hand ; and by one expedient or another, the various evils of Industrialism as we know it, have in Morris' Utopia been done away.

We may note, firstly, that wherever hand-made products are superior to machine-made, the latter have been discarded altogether. Thus thousands whose life was formerly one long maze of whirring wheels, and the dull recurrence of a soulless task, now in the happy land of Nowhere, taste the joys of individual craftsmanship, and each learns to set upon his work the impress of his self. Some drive their independent trades ; others unite in Banded Work-shops to carry on the more complex processes. Each to his choice ; and even the heat of kilns and furnaces will not deter some enthusiasts from glazing pottery or blowing glass.

Secondly, though handiwork has in the main supplanted machinery, yet " all work irksome to do by hand, is done by immensely improved machinery."

Thirdly, " When any piece of work is found too disagreeable or troublesome, it is given up and folk do altogether without the thing produced by it."

Fourthly, toilsome but necessary tasks such as the making of roads or the digging of mines, are undertaken by the young and stalwart, in a spirit of cheerful service ; and as the ferry-man remarked, it is " good sport trying how much pick-work one can get into an hour," and a good training for the muscles to boot.

Fifthly, and perhaps most noteworthy, of all, there is variety of work for every one. For, just as each has the free choice of his trade or profession, so each equally

enjoys the free disposition of his time. Thus every man can indulge his peculiar hobby ; a weaver may spend his spare hours on geometry, a dustman in writing romances. If a helping hand is needed in some other quarter the daily task may be allowed to slide, and Morris' last chapters tell of a merry company of miscellaneous folk, gathered in the hay-fields of the Upper Thames. The ferry-man is there and has left his boat ; the girls are there and have laid aside their household duties ; even men of science, students and historians abandon their sedentary lives, and though some are poor hands at the start, all join in the game. Only certain churlish house-builders refuse their help—because forsooth they have found a job which “ interests them,” and they prefer to get on with their work.

(ii.)

Morris was no trained economist. Romance was more to him than science. His whole-hearted faith in human nature, his clear vision of what man might be at his best, rendered him impatient of material obstacles. For him to conceive of a Utopia was to believe in its possibility, and for such a nature nothing that was right was impracticable. Nevertheless, along with much that is pure fancy, there is also contained in his picture much that is sound sense ; and it is well worth while to sift and disengage the two ; For every reader, I suppose, the first impulse is to doubt whether any country which did its business upon such haphazard and ill-regulated methods as Morris' imaginary state, could possibly survive for a week. We are accustomed to believe that such prosperity as we enjoy is due in no small measure to the nice adjustment and close co-ordination of our industrial machine. Organisation is the catch word of the day, and we have

admired and feared by turns that nation which has brought such mechanical efficiency to its highest pitch. Yet the worth of a system is to be known by its fruits, and we have seen what a harvest the Germans at least have reaped of theirs. To transform a people into a vast machine, to treat men and women as mere cogs upon a wheel, that is not the road to happiness, nor even in the long run perhaps to success. Elaborate as may be details of such a system and perfect as may be its method of getting the best work from each individual man or woman, yet so long as the system is imposed upon them from above, it must fall far short of man's ideal destiny. "A place for everyone and everyone in his place" is a well sounding motto ; but to find a man's true place in the world is not for officials and super-men but for each man himself ; he can find it if he cares to, and nobody else can find it for him.

Organisation however is not perhaps the peculiar vice of our English industrial system ; it is certainly not too much of a machine, but I am not sure that it is not something almost as bad. Its development has not been made under the guidance of officialdom, it has sprung up at haphazard like the growth of a primæval forest, and its loose entangling network clogs and hampers the tender plant of industrial liberty. We boast that Englishmen are free because of the absence of compulsion ; but the truth is that though they are not slaves of a system they are none the less the slaves of circumstances and chance ; and in that there is small ground for pride. Millions, as things are, have no real freedom in their choice of a profession. Our workshops are full of square pegs in round holes, and round pegs in square holes. A child born in the potteries is marked down from birth to follow in the family tradition. May be that his whole interest lies in plants and horticulture, and that he would make an admirable gardener ; but in the workshops he is

secure of a living and to strike out a line of his own would be too hazardous an adventure. So lads are taken from school at fourteen and saddled for life with occupations for which they have neither aptitude nor taste. Once settled in a job, he will be a bold man that will leave it. If he cuts adrift from the one business which he understands, he has not the means or opportunity to learn another; and a meagre livelihood by unskilled or casual labour is the sole alternative to unemployment. As compared with him the labour of Morris's Utopia is as a freeman to a slave. He is free to choose his occupation, to take a job or leave it, to work long hours or short; and in such liberty he finds not an excuse for idle sloth but a spur to more willing energy. He may be poorer and he may be less efficient, but there can be little doubt that he would be the happier man of the two. For only that man is truly happy who has realised himself to the full in his life's work; and if we do indeed believe that each individual human being has a worthy place to fill in the world and a self to realise therein (which is only another way of saying that Providence understands its business), then we must allow him some more real freedom of choice to find that place and fuller opportunity to use it. In our perfect society nothing short of complete emancipation from the tyranny of systems and from the entanglement of chance must be our ultimate ideal.

To consider by what precise steps that ideal may be reached is not here to our purpose; but it is perhaps necessary to repeat that legislation and officialdom alone will never achieve it. Indeed many of our modern reformers seem to be heading in the wrong direction; in their zeal for efficiency at any price, they have been too ready to imitate German methods. They would make it the State's business to lead up the child in the way he should go; they would provide offices where his capacities could be tabulated and

his record pigeon-holed, and officials who would find him a place, train him to be fit for that place, and, whether he liked it or not, put him into that place, as though he were all the while not a human being with tastes and feelings of his own, but simply a pawn for bureaucrats to play with. But though bureaucracy is at all costs to be avoided, modern society could hardly exist without some regulation of industry. There must be opportunities for technical training and specialised education, public channels of information, and organised facilities for the free movement and distribution of labour ; without these it would be just as impossible to find work suited to every kind of person as to find persons suited to every kind of work of the community. It is not enough to assume that different persons will have different gifts and different tastes, we must also devise methods whereby to discover these gifts in individuals and to draw them out where they are latent. Above all, we shall need the discipline of education to cultivate in men a high sense of duty and public service ; for it is only in obedience to these higher motives that they would voluntarily undertake the more arduous and thankless forms of labour. Nor will Education be needed only to train men in the right choice and right use of a profession. We must educate the public that consumes as well as the workers that produce ; for, unless there is a general demand for work of the right sort, it is useless to expect that the right sort of work will be done. Therefore if the producer's interests are to be safe-guarded, there must be a corresponding adjustment of the consumer's tastes. Before we can render the former's work a more humanising and inspiring business, the latter must be prepared to make some sacrifice, and to pay the cost of such a change. For cost there must certainly be—and Morris's shrewd insight has not missed it.

Life in the ideal society which Morris pictured is

marked above all by an austere simplicity of taste. His imaginary people take no pride or pleasure in the multitude of their possessions; we find among them none of the artificial refinements and elaborate mechanism of luxury and comfort, with which writers such as Mr. H. G. Wells have chosen to endow posterity; indeed we shall find little enough of the cheap abundance and pretentious splendour which is the peculiar boast and passion of our own age. In Utopia there would be less finery, less furniture, less paraphernalia of comfort and convenience.

But would that after all be any great loss, provided that what there was were good? More than ever are we now tempted to spend money on that which is not bread, whether as food for the body or food for the mind. Such a multitude of new pleasures and novel playthings are now within the grasp of all that rich and poor alike are beginning to lose their sense of values, and to abandon themselves to a materialistic view of life, and to confound happiness with pleasure. What is it, after all, that makes true happiness? Is it much and cheap, or little and good? Is it the flaunting fashions of novelty and change, or the same old pleasures that men of all times and places have enjoyed? Is it a flood of cheap magazines and picture papers and sixpenny novels or the well thumbed volume of Shakespeare, Tennyson or Scott? Is it a set of hand-made ware, turned by a craftsman and treasured through a life-time or is it half-a-dozen cheap tea-services broken by as many house-maids in succession? Is it a country walk and a bed at the inn, or a whirligig tour through six counties and the make-believe comfort of pretentious hotels? Is it a dance on a village green to the tune of a song or a fiddle, or is it the discordant mimicry of the gramophone and the fevered sensations of a picture palace? The true secret of combining poverty and happiness

it may yet be ours to discover. Yet it is no new secret. The Athenians were perhaps the first to find it out and I am not sure that it did not die with them. It was Pericles who summed it up in his single phrase, φιλοκαλοῦμεν μετ' εὐτελείας, taste and economy combined in one; love of all in the world worth loving* and the simple life. This is what Mr. Zimmern has to say of that ideal in his book "The Greek Commonwealth." "Greek Literature, like the Gospels, is a protest against the modern view that the really important thing is to be comfortable. The comfort promised by the Gospels (and that enjoyed by the Greeks whether the same or somewhat different), and the comfort assured by modern inventions and appliances are as different as ideals can be. We must imagine (he continues, speaking of the civilisation of the ancient Greeks) houses without drains, beds without sheets or springs, rooms as cold or as hot as the open air, only draughtier, meals that began and ended with pudding, and cities that could boast neither gentry nor millionaires. We must learn to tell the time without watches, to cross the rivers without bridges and seas without compass—to study poetry without books, geography without maps, and politics without newspapers. In a word (if we are to realise the Greeks) we must learn how to be civilised without being comfortable. We must go behind the Industrial Revolution. The older Greeks did not want to be rich for the sake of riches. They only desired riches when they had convinced themselves that riches were necessary to social well being. They knew, as some Eastern people know still, that "a pennyworth of ease is worth a penny," and that it is not worth while spending two pennyworth or more of worry and effort to attain it. That is precisely the spirit of Morris'

* The Greek word καλός implies so much besides æsthetic beauty that it is impossible to find one English word whereby to render it.

Utopia, and what its lesson may be for the world of to-day is well worth consideration. Perhaps neither Morris nor the Greeks were very far from the truth.

First of all then, in our pursuit of social happiness, we shall consider, not whether a thing is desirable to consume, but whether it is desirable to produce, and when Morris said that there are some pieces of work too disagreeable or too troublesome to be worth while performing, we shall agree with him. No man has the right to endanger the lives or health or happiness of the workers for his own selfish ends ; and the sooner we cease to do so the better for their welfare and for our own peace of mind. In this matter indeed the consciences of men have been a little stirred already. We do not now send women down coal-pits, or employ children of tender age in factories. Laws have been passed restricting or forbidding some dangerous processes, and insisting on healthier conditions for others. Because pottery-making of the normal type is injurious to the workers, the public is encouraged in the use of pottery with a leadless glaze. But, as a rule, we enquire too little into the circumstances of manufacture, and do not care to be told that our pet luxury is produced at the cost of the happiness of somebody else.

Furthermore, we shall consider not only what character of work is most injurious but what work is most beneficial to perform ; and here too Morris, I think, struck the right note, in insisting on the superiority of work done by hand over work done by machine. If such work is more costly to produce, its greater permanence and artistic value is more than sufficient compensation ; and while the worker gains in the truer pleasure and interest of producing it, the consumer also gains a truer satisfaction from the product of the other's enthusiasm. None the less it is more than a little doubtful whether we can afford to dispense altogether with machinery, unless indeed we

are prepared to put back the clock a hundred years and to forgo three quarters of our present prosperity. Arts and crafts may already be receiving more recognition and encouragement, and agriculture may be restored to its rightful place in our national life ; but for the most part Morris's ideal must be acknowledged to be impracticable. Machinery has come to stay ; and our business is not to put the clock back but to put it forward, not to abolish machinery but so to develop and perfect its uses that the grinding monotony and discomfort of the machine minder's work may be as far as possible relieved and lightened. Mechanical science is already making great strides in this direction. Until recent years for instance, the cotton spinning machine was so arranged that if a single thread snapped, the spinner was forced to stop the machine by hand and at infinite pains uncoil the threads in order to recover the broken end. Now the machine is automatically stopped directly the break occurs ; and the saving of time and trouble to the spinner may well be imagined. And other inventions and improvements of the sort will do much to ease the workers' burden, and after all, monotony is not confined to the process of machinery ; there is Hood's poem to remind us that purely manual labour can also be monotonous, and that there is no slavery like the slavery of the seamstress. A machine minder whose business calls for some technical knowledge and a skilful hand with screw-driver and bolt, may well take a real pride and pleasure in the manipulation of his engine. The chief source of weariness arises from the absence of variety and change, and for this the remedy is not far to seek. In some countries it has been already applied, and instead of keeping one man or woman to the continuous performance of a single process, employers allow them to go the round of the shops, thus keeping alive an interest in their work and increasing their efficiency to

boot. Yet there must remain some kinds of labour whether done by machinery or hand which are too wearisome and soulless for a life time's work, and wherever improved machinery cannot provide a solution of this problem, it is not impossible that Morris's suggestion might hold. The young and stalwart might be drafted into such labour for a year or so at a time ; and the time thus spent on the roads or in the mines would be no bad discipline and training. Ruskin once led out a band of undergraduates to make a road near Hinksey, and a very bad road they made which remains there to this day. But they enjoyed the experience ; and such labour would perhaps be no more irksome than the military training which most countries now enforce.

Last and not least, work which takes too much of a man's time is almost as seriously to be condemned as work which is downright unhealthy, unwholesome and monotonous. To spend, as many labourers do to-day, twelve or more hours out of the twenty-four on work which simply exhausts the body and does not exercise the brain, is not the purpose for which man was made. The people of Nowhere, we may note, were a leisured people. They could find time (as perhaps men should), to leave their bench for a gossip or to drive a neighbour into town. But, what is more, they knew how to use their leisure well ; and this is a side of life which we to-day neglect too much. It is no use pleading for an eight-hour or six-hour day for all (and with the rapid improvement of machinery this is not beyond the realm of reasonable prophecy) unless the time so saved is well used and not wasted. Here again the true solution lies in a wider and deeper development of Education, not Education of the schools only, but such as will not cease at fourteen nor at eighteen nor even at twenty-three. Such modern movements as the Workers' Educational Association

have shown already what can be done among the adult workers, and have discovered among the unlearned artisans an intellectual energy which puts the cultured class to shame.* We may, as yet, have no dustmen who write novels ; but tramps and sailors do ; and the days may yet be coming when rustic Shakespeares will write tragedies and act them on village greens, when coal-heavers and chimney-sweeps, their day's work ended, will sit down to study algebra or natural history, or to carve themselves a sideboard or a mantel-shelf, when in short, a man's true life will centre in his voluntary and not in his necessary labour, in what he does for the love of it, and not in what he does to earn his daily bread.

Yet it must not be lightly assumed that the ideal which is here foreshadowed would impose less tax upon man's energies as a whole, or that simple tastes are altogether easy tastes to satisfy. The unpretentious beauty of plain dresses or simple furniture is often the most expensive to procure ; it costs a far greater effort to paint by hand a single masterpiece than to turn out half a million of cheap prints, or again, it is easier to erect a row of mansions upon a uniform and settled type, than to build a cottage which will combine the highest ideals of utility and beauty. So, before the simple life can also be the happy life, we must plan its smallest details with elaborate care, eliminating needless labour by all manner of devices, and adapting every article of use to the most efficient performance of its function. And, whatever its difficulties, the task will be worth while ; for the consumer no less than the producer it is from the simple rather than the complex that the highest satisfaction is to be gained. In life,

* The W.E.A. is an organisation of 200 branches, which provides of weekly lectures and debates for 11,000 working men and women. It is undoubtedly one of the most striking educational experiments of history.

as in art, elaboration is only a step towards a new and grander simplicity of design ; for complexity of itself cannot bring satisfaction ; harmony and harmony alone can bring us that. Now modern life is not harmonious ; in innumerable ways its various sides conflict with one another. The town-dweller who has a taste for natural beauty, must make a tedious journey in an unsightly train before he can gratify his taste ; does he crave mental relaxation, he must take his place among a crowd of strangers in the restless glare and tainted atmosphere of a concert-hall or theatre ; or is it merely a matter of reaching his home at night, he must travel in a subterranean railway and be hoisted up to the fifth storey flat in a jerking lift. In other words the means of satisfaction are very ill-adapted to the end. But in Utopia all this would have been changed ; its citizen will find natural beauty in the garden lying at his own front door ; music and other arts he will enjoy in the company of friends, relying (for in Utopia artists will be numerous) upon the resources of his own or others' skill. When his work is over, he will still have the zest and vigour to return on foot to a house of moderate size which at least he can call his own. In the quest for happiness this present age employs a thousand make-shifts* that satisfy no one, and explores

* In many respects, however, we are heading in the right direction, for we are all the while getting more simplification along with greater complexity. Let me take an instance. The roll-top desk at which I write is far more simple whether to make or to use than the bureau in the next room. In the bureau the drawers work stiffly : and seeing that they are of all shapes and sizes, the maker must have constructed each at haphazard as he went along. The drawers of the desk on the contrary are all made upon a fixed standard of measurement, and they perform their function to perfection. The result is an economy of labour both for the craftsman and for the writer. But the roll-top desk is out of harmony with the other furniture being ponderous and unsightly. The labour saved by superior methods of construction might therefore have been expended to advantage, if more trouble and thought had been given to the proportions and appearance of the desk. In Utopia bureaux will be as serviceable as roll-top desks, and roll-top desks as beautiful as bureaux.

a thousand tracks which lead it nowhere. But when men come to understand both what their true needs are, and by what means those needs can best be satisfied, then it will be strange indeed, if the complex civilisation in which we live has not been superseded by a simpler and more harmonious way of life, in which the needs that men feel are fewer, the means to their satisfaction more direct and so the resulting happiness more lasting and complete.

(iii.)

To ourselves, living as we do in the midst of so much strife and self-seeking and distress, William Morris' ideal may well seem too daring in its aspirations, and too visionary in its almost childlike faith in human virtue and human happiness ; yet no ideal would be worth having that was otherwise. If we set our compass for the Happy Isles, it is not with the expectation of arriving there to-day, nor yet to-morrow. It is enough to know that there lies our goal, and to be assured that at least we are not steering direct for their antipodes. If such a society as Morris pictured could ever be realised on this earth, it certainly will not be reached at a single bound ; and granted that we step by step are moving in the right direction (and in many ways we have some reason to suppose that we are), that is at once both a ground for optimism and a proof of Morris's farsightedness. There is, however, one side to his system to which I have hitherto made no allusion. Among the people of his ideal there was no money, no private property, no trafficking for gain ; they were Communists out and out. When, for example, the Guest asked a shop-girl for tobacco, she pressed upon him a pouch and a pipe as well ; yet would not take a penny in return. In short, the citizens of Nowhere laboured their hardest and gave their best, careless

whether they should receive as much again. Here indeed is a way of life so utterly strange and foreign to our own habits, that we feel as though the ground on which common mortals tread had been swept away from beneath our feet. Of Morris's other notions we found some at least to be not utterly impracticable and some to be partially realised already. But this is a transformation of human character, of which in Morris's day at any rate the world contained no promise, hardly even the shadow of a hint. There was never a time when business was more keen or competition fiercer. Even to-day, though ideals are swiftly changing, money is still the standard of success, and the passport to social or political advancement. Private property and the principles of credit and exchange are still the very corner-stones of our social and economic edifice.

Hitherto throughout the preceding chapters of this book, we have considered the world, not as a compound of warring and jealous elements, but as though it were one great family, confronted with the single problem of supporting life, and meeting it with a united effort and a common will. But, look at the world how you will, this is not the actual condition of affairs. You will not find unity and mutual service, but division and self-interest; not generous emulation, but bitter rivalry; not co-operation but suicidal competition. Commerce is a battle in which tradesman is matched against tradesman, merchant against merchant; and every man's hand is against his neighbour, nor does the antagonism stop with individuals; whole classes are now set at variance, and are busy marshalling their legions for the fight. Artisans have combined to challenge the power and authority of the capitalist, and the capitalist on his part is not minded to yield without a struggle. Nations too are entering the lists; and economic warfare is invoked to finish the work

begun by battle-ships and cannon. The principle of Free Trade at least put the produce of each nation at the service of them all, thus leaving every country to make that contribution to the common stock which the abilities of its people or the resources of its land best fitted it to make. But the nations would not have it so ; and must needs set up protective tariffs, and each seek prosperity behind the artificial stronghold of its own ring-fence.

Now in Morris's tale there were neither national frontiers nor national causes and much less national feuds. Each country lived with its neighbour as peacefully as England lives with Wales, and there were indeed no national governments to pick a quarrel, nor national causes for quarrel. And when this is said, it is plain that we must here part company with this romantic dreamer, for events have happened since his day which he would have deemed incredible, and between our world and his Utopia there is fixed a gulf wider than theories or prophecies can bridge.

PART II.

CHAPTER VIII.

VALUE.

It is the business of all good prophets to dream dreams ; and pleasant rosy-coloured dreams let them by all means be, if they can give us better hopes for our own happiness or a better confidence for the future of the world. The economist's business is more prosaic. He must face the facts, whether pleasant or unpleasant, and take the world as he finds it. Men are not all saints or archangels as yet, and that they will ever be so appears in the last degree unlikely. In the meantime, to us of the twentieth century, the moneyless country of Morris's imagination seems as fantastic as a scene out of fairyland. We should be as little surprised to meet a giant marching down Watling Street in seven-league boots as to find a tobacconist who would lavish pipes upon us gratis. Such disinterested generosity is not the way of the world as we know it ; and just as men and women bought and sold in Noah's day, so they have been buying and selling ever since. Only once and again throughout the course of history have there been brief departures from this universal code of commerce. The early Christians, to name one of them, " had all things in common " (though even they sold their goods without compunction to those who were not of the faith). Once too, on the inhospitable coasts of New England, our Puritan settlers made a similar experiment. It ended in utter failure; and not until this quixotic policy had been abandoned, did the

colony begin to thrive. Other attempts, whether due to religious zeal or philanthropic enthusiasm have had no better success ; they have lingered for a time and passing have left no mark upon the world. After two thousand years of Christianity, the society for which Morris wrote was more and not less the slave of money, than were the societies that had gone before. Men were governed, not by the precepts of the Sermon on the Mount, but by the rules of high finance. Their gods were not the kindly spirits of benevolence and mutual service ; they were the grim deities of competition and distrust ; their temple built upon a foundation of hard cash ; the victims sacrificed at their altar dupes, bankrupts and ruined creditors ; and written large across its stones the uncompromising legend, " Nothing for nothing here, and precious little for sixpence."

And as yet, all this is not greatly changed ; so that, for the present, it would appear, and on into the future as far as most of us can see, we must accept this as the rule of human action, that men will give only upon the condition that they shall receive at least as much again. Whether it be goods or money or services that we offer to our neighbour, we are never satisfied with less than an equal value in return (or, what, at any rate, appears to ourselves equal value ; for even poor Moses Primrose imagined in his folly that his gross of green spectacles was a capital bargain for his horse). Whenever then two men strike up a bargain, and agree to an exchange of goods, each of them is parting with something that he has, in order to acquire some other thing that he has not ; and whether he be satisfied or no with the terms of the bargain, he must assuredly believe that what he gains by the acquisition compensates to him at least for what he gives up ; else as a free agent, and possessed of his proper senses, he would never have concluded the bargain at all. He has

weighed the balance of advantage in his mind and has not found it wanting. In every act of barter, such an equation or balancing of values is implied; and before we can grasp the meaning of exchange, we must decide what value is.

Value is a term common enough in daily use; yet, as in the case of wealth, it is none too easy to define. One thing however we may state at once. Value is not an absolute or permanent quality in things. A thing ceases to have any value, as soon as men cease altogether to want it;* the picture which to-day fetches a thousand pounds at Christie's, may a century hence be consigned to the lumber room as rubbish. Values change as men's tastes change; and different people set different values upon the self-same thing. Thus the famous pills which in the maker's own estimate are well worth a guinea a box, are to be bought at any chemists for the sum of thirteen pence. Nor for that matter must it be concluded that money is a true measure of value. For the value of gold and silver itself changes and has fluctuated in the course of a thousand years far more than the value of the German mark has changed in the course of three. In Solomon's time the very abundance of silver sufficed to make it cheap; and in our own day the same influence is still at work. Silver having become a drug on the market, a currency such as the Chinese tael has depreciated accordingly; and financiers tell us that the same is true (though less decisively and less continuously) of gold.† At best we can but say that the value of these rarer metals is the least liable to change, and that therefore

* It may of course retain a potential value, but what is merely potential is not fact.

† To be exact, the influence of gold production upon prices does not proceed directly from the law of supply and demand; but is due to the effect which an increase of currency has upon credit, that is, on men's commercial confidence. Other factors may therefore enter in which will restore prices to their previous standard.

we have in them a convenient and fairly stable standard by which to measure other values.

For value itself, like height or weight or solidity, is merely a measure by which two or more different things can be compared. When, for instance, we say that a motor-car is cheap, we are making a mental comparison with other motor-cars which are dear ; or when we speak of precious stones we are thinking, though we may not know it, of other stones which are not precious. More especially is a comparison implied, when we come to make an actual purchase or exchange ; for then a positive and concrete value is assigned to what we buy ; and a definite preference for one thing over other things declared. A simple illustration will make this clear ; and (since the intrusion of money only serves to obscure the issue), let us take the illustration from a country where the use of money is unknown, and where all trade is done by barter. Let us suppose then that a native of this benighted country proposes to do a day's work for a neighbour. In return for this service he expects of course some definite reward ; but what reward he will receive is within certain limits a matter of his personal choice. It is open to him let us say, to demand a loaf of bread, or a pair of chopsticks or a nose-ring or an assegai, and much else besides. After due reflection he elects the nose-ring and thereby he declares his preference for this particular satisfaction as against other alternative satisfactions not excluding the satisfaction of taking a holiday and doing no work at all. If the neighbour agree to the deal, and the bargain then goes through, he has given both to his day's work and to the nose-ring a value relative to all rival satisfactions that lie at his command. Now, in every act of exchange the same takes place. A comparison is proposed ; a preference is declared. By the sum-total of all such declared preferences the world's scale of values is formulated ; yet in every fresh

declaration of preference the scale of values is mentally revised, weighed in the balance and fixed, as it were, anew.

Now, if the preferences of men were stable and constant, values would be constant too ; but values are variable, as anyone can see ; and for the simple reason that preferences are also variable. Why preferences should so vary, it must now be our business to inquire.

Let us take an illustration once again. It is my habit (being a man of simple tastes) to drink water from the local spring, and every day I journey thither to fetch a pailful and supply my want. In other words I prefer the trouble of a single journey (but not more than a single journey) to the pain of leaving my thirst unsatisfied. Now there comes a hot summer ; my thirst increases ; and I decide that it is worth while to fetch two pailfuls from the well instead of one ; so it requires a double journey and a double sacrifice of energy and time to allay my tiresome thirst. In short, because my desire is more intense its satisfaction costs me dearer. As however the season advances, a drought sets in ; and when at last the cooler weather has returned, I find my well dried up. I am now content with a single pailful, but I must travel twice the distance to reach the nearest spring. Once again the satisfaction of my want is attained at twice the former cost ; but this time it costs me more because it is more difficult to supply. In both cases I prefer the alternative of a double journey to the pain of unsatisfied thirst. The cause in the one case, is an increased desire, the cause in the other an increased difficulty of supplying it. Here then, are two different influences at work, the influences of Demand and Supply, and it is by balancing these two influences in the mind the one against the other, that all preferences whatsoever are determined. In other words, when I know how much I want a thing, and

also how hard it is to get it, I know just what it is worth to me. Then I can say "so much labour I will give for it or so many pence, but not a stroke of labour or a penny piece more."

Value then is fixed by the interplay of these two factors, supply and demand. Neither of them is alone sufficient to determine the value of a thing. Intensity of desire will not of itself make a thing dear. The strongest desire which can exist in man is the desire for food; yet food is cheap compared with diamonds, simply because to supply the one is easy, to supply the other difficult. Nor on the other hand are difficulties of supply enough to raise the value, if the demand is wanting. The first edition of some obsolete epic may be as rare as diamonds, and, if there were a large demand for the books, it could never be supplied. But, since nobody has much interest in possessing them, they are priced at half-a-crown and placed on the book-seller's back-shelves. From these two instances it should be clear that value is fixed not by supply alone nor by demand alone, but by both in combination. They are complementary to each other like the two scales on a sliding-rule. On the one side, value has a tendency to rise as demand goes up, and to fall as demand goes down; on the other side it is exactly the reverse. And the actual price that a man will pay, is determined by the point at which the two scales meet. For then the measure of his desire is exactly equated to the measure of his sacrifice; the satisfaction coincides with the trouble that it costs.*

In the world's markets, just as in the individual's case, the twofold influence is constantly at work.

* It is of course true that when I buy a ton of coal, the trouble of procuring it is not mine but the collier's. But, it must be remembered that I give him something for the coal, and, in the last resort, this must represent an expenditure of energy on my part which in some way is equivalent to his. The case of enjoyment which I do not earn by personal trouble shall be considered hereafter.

There the sum-total of the producers' difficulties regulates the amount of the supply, while the sum-total of the consumers' desire for satisfaction regulates the intensity of the demand. But because production depends on human energies, and consumption on human desires, and because desires and energies react upon each other, there is a corresponding interaction between the amount of supply and the intensity of demand. If supply increases, demand is almost sure to follow suit. When the price of tea is half-a-crown, my monthly allowance is no more than a pound; but when tea is plentiful and the price falls to one and six, I shall double my allowance and thus my demand will have increased, the cost of its satisfaction being enlarged to the length of sixpence. In the same way demand will have its influence on Supply. When the manufacturer perceives that the public wants more boots than it actually gets he does not maintain his out-put at its former level and take advantage of increased demand by putting up the price, he will augment his out-put even though the increase of supply will lower the value of the boots. So in general the best way to stimulate production is to increase consumption, and the best way to stimulate consumption is to provide men with plenty to consume. To the action and reaction of these two complementary economic forces there is no discoverable end.

There is however a tendency in human nature (common both to producers and consumers alike), which in some measure limits and impedes the natural and free development of these economic laws—I mean the tendency to standardise values. A doctor's fee is a guinea and neither more nor less, whether I call him in to save me from death by poison or to lance a painful corn. Books of the same quality and size are more in demand at London than they are at Manchester, bicycles may be are bought more freely in Denmark

than they are in Sweden ; yet the price remains the same in one place as in the other*. Or again, a lady who goes shopping will refuse an article the price of which has risen, not because the price is beyond her purse, nor because it is more than the article is worth to her, but simply because she regards the price as unusual, exorbitant, unfair. In one and the other case, the producer or consumer is endeavouring (for whatever be his or her own reason) to maintain prices at their normal level. Partly perhaps, this tendency is due to an innate conservatism which clings to the conveniences of custom ; for men are the slaves of habit, and will continue to charge a price or accept a wage, long after the wage or price have lost all relation to the actual conditions of supply and demand : but even more it is due, I think, to a sense of corporate loyalty, a certain *esprit de corps*, which will not allow a man to outbid or undersell his neighbour. When the village milkman refuses to take advantage of a local and temporary scarcity of milk it is because his sense of decency forbids the exploitation of his neighbour's need. For a similar reason he does not try to increase his custom by lowering the price of his butter simply because he does not wish to steal a march on rival farmers.

Let us not be mistaken. Values are fixed and preferences determined not by soulless cipher-mongers and abstract formulæ, but by human beings with human virtues as well as human weaknesses. Exchanges are not always made (as some theorists have fancied) in a spirit of calculated self-interest and cold intelligence. In business, as in other spheres of life, men are swayed by a variety of passions, fancies and ideals. These have their origin in part in the defects of our wisdom or our will ; such are the errors of a hasty

* If we allow for the addition to the price which is due to the cost of transport, this standardisation of prices would be found to have a far wider application than might at first appear.

or deluded judgment, baseless fears of scarcity or hopes of plenty, imaginary doubts of others' honesty or unreflective assurance of our own, easy-going adherence to fashion, custom or tradition, love of notoriety or dread of public censure. Other motives are more worthy; pride in good craftsmanship, sense of honour, loyalty and fair-play, even the softer impulses of charity and pity; these also play their part. There are a thousand springs of human action which defy scientific analysis, and interfere with the working of purely economic laws. And indeed, when we speak glibly of a "fair price" or a "just wage" we little know how much is presupposed in such a phrase. To assess the ideal value of a single thing would call in reality for a man possessed not only of perfect taste, but of complete omniscience and absolute integrity as well. Even then it must not be forgotten that it takes two to make a bargain, and if a pair of such paragons were ever found, they would probably prefer the more generous methods of the Utopian people or of the Early Christian Saints.

Nevertheless we know that with the best will in the world no modern state or society could exist for a day upon that simple-minded pattern; The working of our industries and great commercial houses by which crowded cities and scattered colonies are now supplied, would be impossible without the widespread network of credit and exchange which is the arterial system of the economic world. And, were some sudden catastrophe or revolution to destroy credit and check the flow of markets, then disaster would as surely follow as death must come to the body when the circulation of the blood is stopped. Exchange then must continue, if men are to live in decency and comfort; and for a standard of exchange we must further have money tokens. So long therefore as this is the way of the world, men will retain their

power to profit by each other's ignorance or need; salesmen will be able to exploit their customer's credulity; in every deal there will be opportunity to haggle, bluff and over-reach. Yet in the long run such methods will bring no permanent advantage; they are bad business as well as bad morality; and immediate gains can never compensate for a tarnished reputation. For at bottom all trade is built upon a basis of mutual trust and reciprocal good-will. The more each party to a bargain is persuaded of the other's honesty of purpose, the more willing will each be to make the venture, and thus the more will the volume of the trade swell and prosperity be increased. Men will naturally prefer to deal with those who make it a point of honour to give value for value, laying all their cards squarely on the table, and offering their goods for precisely what they are. Nor will the fair minded man of business seek to conceal his profits (not even from the men whom he employs); for the profits he demands will be in accordance with the services he has rendered and the risks he has run. There can, it is true, be no hard and fast canon of economic justice; but equity there certainly can be. Given sufficient knowledge, we can tell what price is fair and what unfair, what profits are reasonable, and what are not. This is a truism to-day. The last half century has witnessed a great change in the ethics of the markets; "caveat emptor" is now a discredited motto; open dealing and frank publicity is the recognised code of all reputable traders, nor is there any lack of generous or even altruistic effort in the business world. Yet much remains of which we have small reason to be proud. Profiteering which is discountenanced in war-time, is still considered by many to be legitimate in peace. There is plenty of dissimulation and sharp practice which is every whit as vicious as open fraud. But, though money must for all time be the root

of many evils, it is not by abolishing money that we can hope to be rid of them. The old rules of commerce must still stand; only they must be observed in the spirit of liberality and fair dealing, rather than according to a niggardly interpretation of the letter. We must substitute a positive zeal for justice where we have been content in the past with a negative avoidance of its breach.

CHAPTER XI

MONOPOLY.

THE mathematical novice, who aspires to probe the mysteries of gravity and motion, is introduced at the outset of his studies to a strange world, in which ponderous bodies glide and swing untrammelled through spaces completely innocent of friction. But, mathematics being as it is an abstract science, the theory of dynamic laws fits very ill with fact ; friction exists in all known spaces and in all known things ; and the movements of natural objects are found by the novice to be after all no better than loose approximations to the mathematical ideal. How much more then fact must play havoc with the vaguer formulæ of economic science, will be readily understood. Here there will be obstructions, hindrances, impediments of every sort and kind. The vagaries of human intellects and human passions will, as we have seen, defy our most careful calculations. Political forces too will interfere with even more visible effect. A Government places a tax on foreign imports and the natural currents of supply are interrupted at a blow ; artificial limitations are imposed upon the price of jam or sugar ; and the whole basis of evaluation will be completely undermined. In short, if we would hope to see our economic laws hold valid, and the rise and fall of prices correspond at all nearly to the ideal principles of supply and demand, then we must do, as the mathematicians do, and banish friction, or at least, so far as we may, reduce it to a minimum.

External and obstructive influences must be eliminated, if the economic machine is to have free play and its wheels run smoothly. Now the solvent that can best ease them in their working, is liberty of competition ; and the obstacle which clogs them most, is its reverse and opposite, monopoly.

The monopolist is the autocrat of the market place ; whether the use he makes of his power be wise or unwise depends on circumstances ; but in any case, like his political counterpart, he is seldom trusted. For his power is a kind of blank cheque on human patience ; and mankind is not unnaturally suspicious of an overdraft. We may suspect that the first man who attempted a " corner " in food, was lynched by his neighbours without shrift or ceremony ; and, though he himself may have had no intention of starving them at all, they were at any rate acting on the safe side if they did not wait to see. Indeed there is something unnatural in this attempt to cut the channels of supply and hold the world to ransom. So, whenever men have been politically free, they have suppressed monopolies severely. It is only when the authority of law has been perverted from its proper uses, that this dangerous power has been allowed to pass into the hands of individuals. In Stuart and Tudor times, for instance, the Crown dispensed monopolies in soap, or linen or tobacco, as a mark of royal favour or for the filling of the royal purse ; but with the growth of democratic institutions, the practice was disallowed, and now, while Government may itself assume unique control of such public services as the telegraph or the post, or grant a privileged position to private companies (such as those which own the gas-works or the railways) under very definite restrictions, yet in other spheres its authority is no longer exercised in favour of private monopolies, but in the interests of free competition.

But, though monopoly, in the more strict and literal sense of the word, has seldom been long tolerated in free countries, it has often existed in disguised or partial forms. Two types are chiefly to be noted ; and of these the first is one which we may call the monopoly of collusion. Now, whatever else competition may imply, it certainly implies that each competitor should do his best to outstrip rivals. The race in which the favourite agrees with his adversary to run a dead heat, is no race at all ; and similarly it is required of competitors that at least they should compete. If all the producers of some article which is necessary to the consumer agree to make common cause they have the consumer completely at their mercy ; for the monopoly of twenty or two hundred resolute men is no weaker than the monopoly of one. Such unions, appearing recently under the name of Trusts, Combines or Trade Rings, have usually been defeated or at least restricted in their operation. But, though open attempts at combination have in general been discountenanced by law, there is nothing to prevent manufacturers or merchants from forming some mutual understanding on the sly. Indeed, without the least intent to act unjustly towards the public, it is not unnatural if realising the community of their interests they should come to feel a certain instinct of loyalty towards one another. But whatever the motive of their co-operation, there can be little doubt that it may gravely prejudice the free play of the competitive market, and that the level of prices may be artificially sustained at the consumer's expense. The liberty to unite, like all other liberties, is only legitimate so long as it is not used to the public detriment ; and it is sometimes forgotten, even by the most ardent champions of liberty, that a group may misuse a monopoly as well as a person ; a hundred thousand pitmen who agree to go on strike may be

exercising a power no less tyrannical than the millionaire mine-owner who makes a corner in coal.*

There is a second form of virtual or disguised monopoly which we may call the monopoly of isolation ; and here at any rate it is nature and not man that is to blame. The world has not been so arranged as to make competition easy ; and the artificial restraints to which we have just alluded, are slight as compared with the physical and geographical impediments. Now-a-days, oceans, lakes and rivers are considered an aid to commerce ; but they have often been equally a hindrance. Islanders have had to suffer the penalty of their position ; it does not benefit them that timber should be abundant on the mainland if there are no boats large enough or strong enough to bring it over. So the man who owns the one plantation in the island, will be a monopolist as much as if it were the one plantation in the world. That is an extreme instance ; and local monopolies of so complete a character are rare ; but so long as space exists and the difficulties of transportation are incompletely met by man's contrivances, competition cannot become entirely free. Even, as things stand to-day, agriculturalists are generally dependent upon a single railway for the conveyance of their produce, and were it not for the protection of State interference, they would be at the mercy of a monopolist company which could raise freight-dues at its pleasure. Much more were men liable to exploitation in the days before steam and motor transit was invented. Then, competition was limited to narrow areas ; and where states and cities and even villages lived in economic isolation, and were for

* It is obvious that " co-operation " of this sort, used for the benefit of the few and to the detriment of the many, has nothing in common with the co-operation of the beneficent sort, which is used for the good of all. Furthermore, just as free competition is preferable to monopoly which is misused, so true co-operation may be better than competition that is carried to excess.

the most part dependent on their own resources, the opportunities of local monopoly were far greater than in these days of world-wide commerce and cosmopolitan finance. The miller who had sole possession of the local stream could afford to snap his fingers at competitors in the next valley, if a range of steep mountains lay between them; even a doctor need have little fear of rivals, the nearest of whom lived fifty miles away. And if in the Middle Ages the power of monopoly was used with moderation, whether by individuals or by the Guilds-men groups, this was chiefly due to a sense of neighbourliness and civic loyalty, partly perhaps to a dread of public censure. For under the conditions of those days, the results of misused monopoly were far more obvious and glaring and the popular reaction against it far more swift.

Competition then, whether in past or present, has never been entirely free from the two-fold interference of isolation and collusion. Monopoly, under one disguise or another, is perpetually creeping in; endured may be for a while, but in the end almost certainly defeated. Yet monopoly, even while it lasts, is not of necessity the dangerous power it would appear. Not every monopolist can press his advantage to the full; nor would such a course be to his interest. It does not pay to put up the price of goods, if the consumer is thereby deterred from buying them. Few people, for instance, would care to pay a pound apiece for pineapples; and if a man who had cornered tropical supplies, attempted to extract that price, the demand would automatically cease; the monopolist would find no market for his fruit. It is only when a monopoly is held over the more immediate necessities of civilised existence, that the power is likely to be seriously abused. A monopolist, let us say, in corn, or meat or cotton might prove an intolerable despot; the case of iron

or coal would be as bad ; but without doubt the most formidable of all is the monopolist of land. Land is, as we know, the source of all production ; the owner of it controls not the supply of food and clothing only, but of minerals as well. He can do more than interrupt the normal flow of markets ; he can, if he chooses, empty them altogether. And, if his monopoly is complete and exclusive, he is in truth a very dangerous person.

Now, although the social and economic changes of the last few hundred years have made such monopolies in land well nigh impossible to-day, there have been times when they existed, and when their influence upon society was incalculably great. The isolation of mediæval communities, to which we referred above, put into the hands of the large land owners a power which was almost unlimited. By means of it, the feudal baron was able to reduce his neighbours to the condition of helpless serfs. He controlled the sources of all livelihood, he could ask what terms he pleased for the right of access to them ; in fact, he held a monopoly of the strictest sort and did not scruple to use it. The social and political privileges which he enjoyed, were built in part upon the basis of this economic supremacy, and these were in their turn employed to reinforce it. For not content with the advantages of natural isolation, he endeavoured to increase his hold over the servile classes by open collusion with his brother barons who were also his possible competitors. Laws and customs were evolved by which a peasant was denied the right of quitting the estate on which he lived ; and, thus tethered to the soil, the wretched man had but two alternatives before him—to accept whatever terms his lord might offer or to starve. The triumph of monopoly was complete, for under Feudalism, the peasant's economic liberty, like his political liberty, was dead.

Times have changed; little by little the artificial barriers of feudal tenure have been done away; estates have been broken up and land is now more widely and evenly distributed,* more important still, new continents have entered into rivalry with the old; new methods of transport have quickened competition all the world over; and the English landowner must now acknowledge his defeat by colonists across the seas. Monopoly in the old sense is no longer possible; but though the worst menace of landownership is gone, its power has been revived in a different fashion. The old monopolist became a tyrant, because industrial progress was slow; but the modern monopolist becomes a plutocrat because industrial progress has been swift. For the sudden development of industry which took place during the last hundred years, has given to land a new and, as it were, a concentrated value. For it drove two-thirds of the working population out of the country into the towns. Now manufacture must naturally centre round the sites where clay or metal are to be found or where raw material can be easily imported; merchants and transport workers must naturally congregate where harbours or rivers offer convenient anchorage for ships. And, as commerce and manufacture increased with unprecedented strides, the old towns extended their boundaries, new towns sprang up. Factories, warehouses, smelting-works, rich men's mansions, and poor men's tenements had to be built and they must be built on somebody's land. Space is needed at whatever cost; and it must be space here upon the spot and not at two miles distance. So the man who bought a hundred acres years ago as grazing

* The beginning of the nineteenth century, however, witnessed a new and deplorable tendency towards the formation of large estates: the yeoman-farmer was largely dispossessed in favour of the land-lord, and it is only lately that the tide has set in the opposite direction, and small holdings have begun to be common.

ground for cattle, now finds himself in the favoured position of a monopolist. He has no competitors, for he can supply what is urgently needed, and nobody else can ; and if he makes the most of his chances, he may reap an immense and even a fabulous return by the exaction of ground rentals ; or (if minerals are found upon his land) of royalties. Riches flow in upon him through no trouble or virtue of his own (unless it were the gift of prophecy). Without himself lifting a finger or doing a stroke of honest work, he finds his income multiplied a hundred or a thousand fold. And his case is common enough ; this is no imaginary or exaggerated picture. Many of the wealthiest men in the world to-day owe their huge fortunes to some such lucky accident or gift of brilliant foresight ; and the millions upon millions paid by the tenants and leaseholders of our great towns are the " unearned increment " of these latter day monopolists.

We will not waste words here over a justification of the Rights of Property. Men have debated long and will probably debate still longer, whether land ownership is an inalienable right or an intolerable abuse, an obsolete relic of aristocratic privilege or a natural institution which cannot be violated without grave prejudice to the common weal. In this case of unearned increment however, we must admit that there is excuse, if anywhere, for interference. Governments which have dealt with monopoly in other forms, may surely deal also with monopoly in land ; it is their right at least, if not their duty ; and the Socialist would maintain that it is both ; he would deny the title of any individual to take so exorbitant a toll of the wealth of the community and yet himself do nothing to deserve it,—nay, he would go further still and condemn all rent as unjustifiable extortion. What right, he will say, has one man to benefit by nature's gifts which he does not use himself, because another

wishes to use them—to share the profit but not to share the toil? It is as though the village water-man were to take possession of the spring, and henceforth instead of asking payment for water delivered at our doors, were to sit idle by the well mouth and exact a fee for every bucket drawn. Value, as we have agreed, is proportionate to the difficulty of supply. The depth of the well, the weight of the bucket, the length of the road, these are natural obstacles which can only be overcome by human labour, and which therefore may very properly regulate the water's price. But to add this further obstacle of the owner's tax is both unnatural and unnecessary. In short, says the Socialist, abolish rent, take land from private persons, hand it over to the State, and then at last will value be regulated no longer by the land-owners' rapacity, but solely by the services rendered by the labour or the skill of men. Unearned incomes would disappear; only the earned remain, and we shall be troubled by monopolists no more. Our Socialist's reform is sweeping; he has spread his net cunningly and he has drawn it wide; but if he thinks thereby to catch all the big tyrant fishes of the sea, he is certainly mistaken for, as shall be seen, he has not drawn it nearly wide enough for that.

NOTE ON RICARDO'S THEORY OF RENT.

If, upon the Socialist plan, the State were to take control of the land and to let it out to tenants at a reduced rent or even at no rent at all, it is a natural presumption that the prices of produce would be lowered, and the consumer would score. But the matter is not so simple as that, and if the theory put forward by Ricardo is correct, such an idea is pure delusion. According to his view, the price of corn is determined solely by the initial cost of producing it, that is, by the cost of seed, implements, manure and, above all, by the

labour of man and beast, but *not* by rent. It follows, therefore, that however much rents may be raised or lowered, the price of corn will still remain the same.

Now, in order to grasp Ricardo's theory, let us first observe that lands differ in fertility; some produce corn more freely than others, and on these the cost of growing a bushel of corn will be proportionately less. Is the price of corn then fixed by the cost of growing it on the richest land or on the poorest? Is it Sir Midas Mucklethwaite, owner of the most fertile farm in England, who sets the standard of the market? Oddly enough, no; it is an obscure Irishman who has recently broken up a few acres of common land in County Cork and farms them rent free at a trifling profit. And the reason of this paradox is as follows: that since the land is poor, Patrick's corn will cost more to grow, and, unless (which in a poor man is unlikely) he is prepared to grow it at a loss, his selling price must be necessarily high. This is unpleasant for the consumer, and yet he must pay it, and for a very good reason. For with our growing population there is an increased demand for corn; and since somebody needs Patrick's corn to satisfy his hunger, somebody must of necessity pay the price that Patrick asks. Meanwhile, Sir Midas, though he could well afford to sell his own corn cheaper, cannot bear to be out-done by Patrick (and indeed why should he?) so he raises his price also up to Patrick's level. Thus, the standard of the market is not set by him at all, but by his poorest rival. The *surplus profit* which Sir Midas obtains, is the reward of owning his more fertile land.

If we agree with Ricardo so far, let us now enquire what is the value of Sir Midas' land; what is its superior quality worth as compared with land like Patrick's which can be had for nothing? or, in plain language, what is the rent which Patrick (or for that matter anyone else) would have to pay for the use of

it? Clearly the rent will be the exact equivalent of the *surplus profit* above mentioned—the difference, that is, between the production cost of Sir Midas' corn on the one hand, and the selling price of Patrick's corn on the other. More Sir Midas cannot ask, for that would be to reduce the tenant's profit below what the tenant could make by farming common land in County Cork, and this, as we have seen, would mean sheer loss to the tenant. Less Sir Midas can of course ask if he chooses; but that would be to raise the tenant's profit above what he could make by farming common land in County Cork; a gratuitous benevolence on Sir Midas' part, since Patrick, if he got the chance, would certainly be ready to make a higher bid. Nor would Sir Midas' benevolence affect the price which the consumer pays for corn—it would merely put a portion of the surplus profit into the tenant's pocket from his own.

Nor will it be otherwise, if the State were to become landowner in Sir Midas' place; it would be powerless to reduce the selling price of produce from the land. Hence it comes that Henry George, the American, was opposed to the Socialist scheme of nationalising the land; and proposed an alternative which many thinkers have adopted. Their idea is to tax all land upon its rent-value, taking all or most of what the landowner receives. If this were done, there would be no special advantage in owning rich land, no special handicap in owning poor land; all owners alike would start, as it were, at scratch; their profits would depend solely upon their own exertions (as was the case with Patrick's farm) and finally the surplus value of all lands richer than the meanest common land, would pass into the public purse for the benefit of the community at large.

At first sight Ricardo's theory is extraordinarily convincing; and George's is a natural corollary of its

acceptance. Nevertheless most people are unconvinced or at any rate unconverted. The Land Tax method would probably break down for a reason which we shall examine presently. This is the difficulty which would inevitably arise in discriminating between the value of land pure and simple, and the accessory value, which is due to man's exertions. After all, Sir Midas has not been idle during all his years of ownership, he has at least done something for the soil ; tilled it, manured it, hedged it in and planted it with timber. Besides this he has built barns and yards and cottages on the estate ; developed roads and fitted them with gates. A thriving farm possesses much beyond the natural fertility of its soil ; and to estimate what proportion of its value is due to nature, what to the work of man, would be a task which not even the most scrupulous assessor could perform with perfect justice.

- But there is a still more vital objection to Ricardo's theory, namely, that it does not fit with the facts. He wrote, it is true, when the pressing needs of our growing population was forcing men to cultivate poor Irish soil : and, if the possibility of expanding agricultural production had in truth been limited to these islands, no doubt rents would have risen according to Ricardo's thesis, and risen to an intolerable extent : but, as things turned out, the cultivation of richer lands (rent free or almost rent free) in America and elsewhere has had the precisely opposite effect. The competition of corn imported from abroad has not advanced rents in England, but kept them down. It has scarcely paid to grow corn in many counties where formerly it was a profitable business. In other words, Ricardo's theory is about as applicable to present-day conditions as the Law of Moses would be applicable to the city of New York. The reforms, therefore, which rest upon Ricardo's hypothesis, are purely chimerical. They simply would not help us in the least to solve the problems of to-day.

CHAPTER X.

THE POWER OF CAPITAL.

(i.)

It once befel that in a certain village (not far remote, perhaps, from the neighbourhood of Nowhere) there arose the very trouble which our Socialist imagined. A rapacious fellow—no matter by what means—had come into possession of the village spring, and lived by levying an extortionate tax upon the water supply of the inhabitants. At length the Parish Council determined that this tyranny should be endured no longer, and agreed amongst themselves to make a practical experiment in Socialistic legislation. A resolution was unanimously passed, annulling all private claims over the natural sources of the supply of water ; and thereby the well—for there was but one—became Parish property for ever. By a stroke of the pen every parishioner was made free in future to get his drink for nothing. Amid general congratulations the chairman rose to suggest that a draught of water should then and there be fetched and drunk by all present in token of their new-won liberties. The proposal was enthusiastically received, but scarcely had the village beadle been despatched to the well, when a fresh predicament was disclosed. The well was deep—without the use of the rope and windlass which the ex-proprietor had installed with his own hands, the bucket could not be lowered, much less raised, and the sly scoundrel lost no time in informing them that the use of these properties was only to be had upon the same conditions as before. Now the terms of the

resolution made reference only to the natural sources of supply, but did not cover the removal of any man's property against his will, nor the confiscation of what his personal labour had produced. Argue as they might—and argue they did in long and numerous debates—no agreement could be reached upon the propriety of such a course. In the meantime the owner remained master of the situation; the villagers could not live without their water, nor draw their water without the windlass and the rope; there was therefore no alternative but to pay the tax; and the owner's monopoly has continued unimpaired until this day. Now the moral of the tale is this; that the means of production and the sources of production are often so mutually dependent that a monopoly in one may often be as powerful an instrument of extortion as a monopoly in the other. The Socialist may confiscate the land or deprive the landowner of his rents, but such half measures will never bring him to his goal. The Capitalist, a yet more formidable adversary, still stands astride the path.

It has never been easy to estimate in their true relative proportions what part is played by nature and what by man in the process of production, to distinguish between the value of the well-head and the value of the well, or between the machinery at the pit-mouth and the mineral deposits in the soil. Even in cases where the means and the sources of production are less closely interlinked, no very clear distinction can be drawn. But this much at least may be said, that, as industry has developed, the importance of the means has steadily increased, until in our own day Capital has assumed a predominant position in the partnership. In olden times, before machinery had been invented, the implements of agriculture and manufacture were relatively of less importance. Next to the material sources of supply it was then man's

labour and man's skill that counted most. Given a field ; any smith could make and any labourer drive the plough that should till it ; given a forest, any woodsman could fell the trees, and any joiner turn them into houses, furniture or carts ; so the two most powerful elements in mediæval society were the landowner and the Craftsman's Guild. To-day, however, it is different ; modern production depends upon an elaborate paraphernalia of powerful engines and delicate machinery. Without these, not only would most of our production be impossible, but the raw material would often be nothing better than worthless refuse. Were it not for the intricate processes by which valuable by-products are extracted from a slag-heap, it would simply cumber the ground. Modern science has even turned the atmosphere to serviceable uses ; and by a recent German invention nitrates are evolved out of the empty air. In this case, as in many other instances, the whole value seems to centre upon the mechanism or production ; and even of industry in general the same principle holds true in a greater or less degree. The man at the Lancashire power loom is more important than the nigger with a hoe ; and the profit to be made in turning out the finished article is out of all proportion superior to the profit of raising the raw material. A very little knowledge of the world will show that it pays better to be a manufacturer than a farmer.

In short, the supremacy of the Capitalist in the modern world is not to be disputed. His power is probably far greater than was ever the power of feudal landowners ; his influence extends more widely, employing the labour and controlling the destiny of multitudes ; his authority strikes no less deep into the social and political life of countries, bending even emperors or governments to his will. Yet, for all this, it can hardly be asserted that his power is based

upon monopoly. Capital is not of its own nature an obstacle to competition. For, in the first place, it is not like land limited in dimension. No amount of thought or trouble can add new acres to the earth's natural surface; but you may build factories, and laboratories, railroads or smelting works, so long as there is room to build or a need to satisfy. Any man who has saved himself or can borrow other's savings, can make a fresh addition to the world's capital; and though here and there some novel invention or other unique advantage may put a temporary monopoly in the hands of some fortunate capitalist, yet where he can lead, somebody else can follow; the rights of patents are not so rigid or exclusive but that others can profit by a new idea, and in the long run competitors will not be wanting. In the second place, capital is far more widely distributed than land. Any man who has saved even a few pounds to invest in railways, oilwells, motor works or what not, can have his share in capital. In virtue of that share he can claim that somewhere there exists a yard of railway track which belongs to him; or an engine crank that his savings have helped to create; and there would be a sort of truth in his jesting boast. To the length of his few pounds he, too, is a capitalist. But, although capital is more easily acquired and possesses greater elasticity than land, it is in these very qualities that lies the secret of its peculiar power. Capital may be not productive merely; but self-productive. It resembles that tropical tree whose roots send forth fresh suckers from which new trees spring up. In like manner the capitalist can utilise his profits for the erection of new factories, the employment of more hands, or the improvement of his plant; and thus in a hundred ways secure fresh capital and fresh profits—to be used in turn for the same purpose as before. In this fashion, large businesses have sprung

from small beginnings, and men who have started life with the proverbial sixpence in their pockets, have become the kings of industry and commerce. Millionaires and even multi-millionaires are now no rare phenomenon, and wealth accumulates and grows in the hands of such individuals until imagination can no longer grasp the magnitude of their resources; and all the while fresh profits are rolling in upon them (far more than any man could spend upon himself) and are in their turn sent back to swell the central stream. Unto him that hath shall be given, is the inevitable law of high finance.

But the Bible text does not end there; and unhappily its conclusion has also its economic counterpart. The great industrial change which brought so rich an opportunity of profit for those who possessed a share in capital, was the beginning of a very disastrous era for those who possessed none. It was after all an insignificant fraction of the whole people that shared those opportunities. The millions of workers whose wages were seldom sufficient and never more than sufficient to keep them clothed and housed and fed, were not able to save. If from week to week a few pennies were put by, the hoard was kept against the accidents of sickness or the coming of old age; they had not the power, or if the power, then not the habit to invest. Beyond a few sticks of furniture, a little crockery, perhaps a tool or two, the poor possessed no property of their own; and in the vast apparatus of mechanical production, the powerful instrument of loom and forge, printing press and lathe, they had no share at all. Their only capital (if we may call it so) was strength of muscle and skill of hand; and with these feeble resources they were compelled to pit themselves in an unequal conflict against the Capitalist Colossus. For conflict it certainly was; and unequal (under such conditions) it must be, as surely as the

bargain between a man with a loaf and a starving beggar must be unequal. For, though a bargain is a voluntary exchange between two parties, it does not necessarily follow, that the bargain will be fair or that the two parties will compete upon an equal footing. It may well be that one will hold the other at a disadvantage; his bargaining power, as we say, will be the stronger of the two, and, like the commander of the victorious army, he can dictate the terms. Yet, to say this is nothing more than to restate in different words the old formula of supply and demand; and it is by the light of that formula perhaps that we can best understand the relations of capital and labour and estimate the bargaining power of each.

First then as concerns demand. It is clear that each wants what the other has to give; Capital wants work, and Labour wages; but their wants, though mutual, are very different in degree. The employer, it is true, depends for his success upon the services of labour; he may be ruined in his business, if labour fails him; but, even in that case, all his eggs are seldom in one basket; he will have some reserve of funds; most certainly he need not starve, perhaps not even put down his horses or dismiss his butler. For the worker it is far otherwise. His weekly earnings are sufficient only for the week; he has no reserve or next to none; and if a few shillings lie between him and starvation, that is all. For him, living thus upon the edge of absolute disaster, the first necessity is to find employment. Upon what terms he can hardly stop to ask. If it is not for him to haggle; for upon a trial of strength he must inevitably prove the weaker man; and before the employer has seriously considered some readjustment of the household, he and his family will have starved. The balance in the bargain is against him.

Nor, if we turn to the question of supply, is the

worker's case much better. He needs a job ; but that there are seldom jobs for all, requires no proof. Unemployment is only too common and too obvious a circumstance. Trade fluctuates ; a slump follows on a boom and mills and factories are shut down or the number of hands reduced. Many industries offer no more than temporary employment, and in the off seasons many an able-bodied man will be thrown out of work and tramp the streets in search of some casual employment. And the natural corollary of all this it is not difficult to see. The employer for his part finds no difficulty of supply. With this floating reserve of unemployed and casual labourers to draw on he can get all the labour he requires. The more numerous the applicants and the keener the competition for the post, the closer will be the bargain he can drive and the lower the wages he need pay. Only at rare intervals does an actual scarcity of labour turn the balance decisively against him. Such was the scarcity that followed the Black Death, and first broke down the tyranny of feudal customs ; the plague by killing off large numbers of the peasants, enhanced the value of the survivors' labour and gave them the opportunity to turn upon their masters. Such again has been the scarcity which in our own time was caused by drafting of the able-bodied into armies and which raised the scale of wages to an unprecedented level. But these are exceptions to the general rule ; normally the supply of labour is in excess of the employer's demand, and never more so than in the first half of the last century, when the impetus of the Industrial Revolution was first gathering strength, and when the relations of capital and labour, as we know them, first took shape.

(II.)

Since the early days of capitalist supremacy much has happened to alter the course of the economic

struggle. The social conscience of the nation has awakened; Labour has begun to organise and Government to interfere; and the picture which we have drawn of the capitalist's power and the labourer's necessity, though true of many, is by no means true of all classes of industry to-day. But as a picture of the early stages of the industrial revolution it is certainly not overdrawn. Indeed the shadows are hardly to be painted dark enough; it is almost impossible to exaggerate the misery and horror of those years. It is one of the most bitter ironies of fate that the very change which by increasing the facilities for plentiful and cheap production ought to have brought an immediate improvement in the condition of the poor, had at first an almost directly opposite effect.* For one thing the new mechanical appliances which very soon ousted the old-fashioned methods of hand labour, required fewer men to work them. A reaping machine will take the place of a dozen mowers; and one or two tenders of a power loom could do the work of perhaps fifty weavers; thus many handicraftsmen found themselves thrown out of employment; and we cannot wonder that they bitterly resented the introduction of these new machines which robbed them of their livelihood, or that their protests often took the most violent and most lawless form. Then again, it was soon discovered by employers that in the new processes of industry there was ample scope for using female and child labour. Women were set to work in factories by night as well as day; children, ten, eight and six years old, were employed in coal mines dragging preposterous weights through the damp, unwholesome galleries. Manufacturers even procured girls

* It must not be assumed, however, as it too often is, that the lot of the labourer before the Industrial Revolution was a bed of roses. Poverty and distress were perhaps just as common, but the conditions of the towns seems to accentuate the hardships of the poor—partly by contrast with the more obvious luxury of the rich.

and boys from workhouses and foundling hospitals; and subjected them to a lifelong drudgery little better than the bondage of a slave. Meanwhile thousands had left their country homes and migrated to the new industrial centres, urged thither by the loss of their old livelihood or enticed by the hope of a better. So the population of the towns steadily increased; and the families, herded together in conditions of appalling squalor, grew and multiplied prodigiously; for the poorest and most miserable classes, among whom parents are over-eager to reap the advantage of their children's labour, are naturally the most prolific. With food at high and (until the repeal of the Corn Law) at intolerable price, wages were quite inadequate for decent comfort or nutrition. For the weaker and less skilful life became a veritable struggle to survive. From all the various causes which we have just described, the supply of labour now far exceeded the natural demand, and the result was the most bitter competition for employment. Moreover, the opportunities of finding it were strictly limited. If it was not to be found upon the spot, there was little chance of gaining information about other towns, and, if information were forthcoming there were few facilities for travelling thither. Railways were neither cheap nor numerous; and labour bureaux were not invented. So in the matter of labour employers had no special fear of distant rivals; they exercised a local monopoly, and provided that the wage they offered was enough for bare subsistence, they were sure to find applicants in plenty. Nor did they scruple to take advantage of their power; and as their wealth multiplied, their position became more and more secure. They could face the feeble opposition of the masses—Chartists strikers and even rioters—with the confident assurance of the stronger party. To the ominous signs of a still deeper and more lasting discontent they hardly gave

a thought—until little by little there came over England that fatal cleavage of the classes which was the beginning of industrial war.

This absence of sympathy between Capital and Labour was in part at least the inevitable consequence of the industrial innovations. In the old-fashioned craft workshop master and apprentices, employer and employed, had lived and worked together side by side ; and such daily intercourse had bred between them a mutual loyalty and goodwill. But the head of a factory employing perhaps a thousand hands could hardly keep in touch with individuals. The bond of sympathy was broken ; and, just when it was most needed, the employer ceased to feel a sense of personal responsibility towards the men and women he employed. As was natural, the softer feelings of generosity and pity were slowly blunted, and even the most respectable and virtuous employers were indifferent to the sufferings which often unwittingly they were inflicting on their fellow-beings. But as though half conscious that some justification was required for such rigorous and even inhumane conduct of their business, they sought to reinforce their shaken assurance of moral rectitude by an appeal to economic wisdom. They were themselves the disciples and in some sense the product of that school of thought which began with Adam Smith and was carried on by John Stuart Mill. From these teachers they had imbibed the doctrine which was the basis of their business creed, that it was the economic duty of every individual to put his own interest first and others' interests nowhere, driving the closest bargain possible, buying in the cheapest market, selling in the dearest, and applying the principles of supply and demand without scruple or restraint. Unfettered and even ruthless competition was to them the very soul of commerce, and to do them justice they were sufficiently consistent to maintain their creed even

when it might tell against them. They would uphold the principle of Free Trade and the Open Door, although the importation of cheap foreign goods might prejudice their own sales in English markets ; and they met competitors at home with the same bold spirit of defiance. They asked no quarter and gave none ; so it seemed only fair and natural that in their attitude towards labour they should pursue their settled policy. Between labourer and capitalist, it was each for himself, a fight to the finish in a fair field and no favour ; and if the labourer should make but a poor fight of it, so much the worse for him. And, when doubts arose, as they were bound to do, concerning the justice and morality of such a course, the sponsors of this gospel of selfish individualism were prepared with their defence. The defence which they advanced was as paradoxical as it was ingenious ; for it claimed that the very keenness of the struggle was in reality for the worker's own advantage. The interest of the whole community, it was said, would best be served when every individual pursued his own interest to the uttermost of his power. The prosperity of all could only proceed from the prosperity of each ; let each therefore strive to develop as best he could the means and resources which lay at his disposal, and it would inevitably follow that production would be multiplied, the volume of trade increase, and the richest possible harvest would eventually be reaped by the community at large. In such a consummation even the poorest workman would have an ample share ; everything would be plentiful, every price cheap and everybody prosperous.

To this philosophy no reasoned opposition was offered and hardly a voice (for a while at least) was raised against it. Its supporters, who, because they were chiefly to be found in the big industrial and commercial centres of the north, came to be known as

the Manchester School, saw no reason to go back upon their logic. Wrapt in the security of their comfortable creed, they continued to pile fortune upon fortune; for the miserable condition of the masses upon whose labour and poverty these fortunes were in a large measure built, they felt no doubt an honest regret and pity. In private perhaps they would indulge this secret weakness, doing a kind turn to an employee in distress and permitting their wives to make charitable doles of soup or blankets. But in the counting-house or at the works they suppressed these softer feelings, conscientiously tenacious of their creed. And if its present application bore hardly upon others, what could they do but shrug their shoulders and pursue their course to its appointed end? Let their philosophy but be given a fair trial, and all would yet work out for the best.

When the fathers have eaten sour grapes the children's teeth are set on edge, and there is much for which the Victorians must be answerable in the industrial troubles of to-day. Yet easy and natural as it is for us to condemn the sins for which we suffer, we should be doing less than justice to the Victorians if we did not acknowledge the one great debt we owe them. Coming at a time when the paramount necessity was to increase production, it is undeniable that they performed their task. They built up the capital resources of which we are reaping the benefit to-day, and their only crime was that they so exaggerated the importance of this economic function as to be blind to other issues which were important too. In short, as is the common failing with authors of great changes, the leaders of the Industrial Revolution overdid their part. The idea which underlay their policy was sound enough, but like most ideas, it became intolerable when pressed to its logical conclusion. As a reaction from the hampering restrictions

of the previous economic era, their programme of Free Trade and Open Competition was an undeniable advance ; and it is to their lasting credit that they founded a school of thought which was then, as it is now, the mainspring of progressive Liberalism. In so far as their policy inflicted grievous harm on others, they were perhaps as much the victims of circumstance as the conscious or willing authors of distress. The individual, let us remember, is nearly always the creature of his environment ; he cannot easily resist the overwhelming pressure of events, or rebel against the standard of the society in which he lives. So, before we pass judgment upon the Victorian manufacturer, we should in very justice take account of the difficulties in which he stood. He was himself faced with the keenest competition of energetic rivals ; and if the wages that he paid were low (though in point of fact they were not so low as the wage of the agricultural labourer) it was the market and not he that fixed the standard. The very urgency of men's needs was with him an argument for offering a low wage ; for it seemed inevitable, and in a certain sense it was inevitable, that the most urgent need should be satisfied before the need which was less urgent ; and the only way to discover where the pinch was most severely felt, was to offer employment to the lowest bidder. Such reasoning did not appear to the Victorians as contrary to justice or humanity ; and even if it had appeared so, they could hardly have helped themselves. For us, looking back from a more secure and prosperous era upon the bitter struggle of those times, it is easy to correct the fallacies into which they fell. For now the pendulum has swung once more ; a new reaction has set in ; and where they rightly saw the necessity for individual freedom, we now see the danger of too much freedom and the necessity of curtailing it. And so for us unlimited competition is

suspect. Individualism stands at a discount, and Socialism and Co-operation are the favourite catch-words of the day. Each generation is to be judged according to its lights ; and if the worst fault of the Victorians was that they carried their principles too far, it is for us to profit by their example ; and while we endeavour to correct the results of their exaggerated creed, let us beware lest we fall under the same condemnation and mar even beneficent reforms by a lack of patience or an excess of zeal.

CHAPTER XI.

THE PROTEST OF RUSKIN.

(i.)

IN the ferment of revolutions (whether of trade or of politics) half a truth is a better guide than no truth at all; and the Manchester doctrine, crude and perverted as it was in some directions, contained enough economic wisdom to produce good results as well as evil. The crowning triumph of its political supporters who succeeded through the repeal of the Corn Law in 1846 in wresting an unfair privilege from a landed aristocracy and in opening the door to the free importation of cheap grains from foreign countries, did more to alleviate popular distress than any amount of sentiment or charity could have done. The effect of this reform was almost instantaneous; and during the third quarter of the century there was a steady improvement in the condition of the working classes, who were now able to secure at least the necessities of life at moderate prices. At the same time the benefits of increased production were beginning to make themselves felt. The enterprise of the capitalists who had succeeded during the forties in laying down railroads over thousands of miles of country and in every part of England, gave a fresh impetus to trade and led to a period of unprecedented prosperity in which every class could claim some share. During these years it is not much to say that a third of the population were raised above the limit of abject poverty. The tide was turning at last; and one index (though an un-

wholesome index) of the change is to be found in the portentous growth of the national expenditure on drink, a growth which continued unabated until the lean years of trade depression in the seventies. In industry too the worst abuses were gradually suppressed. The philanthropic zeal of Lord Shaftesbury and others set the political wheels in motion, and laws were passed curtailing the use of child and female labour in pits and factories. Yet to whatever causes we may ascribe the betterment of the working man's position, the capitalist himself deserved no special thanks. Though he might fairly interpret the new prosperity as a justification of his own theories, yet there was no recantation of his main hypothesis, and little enough change of heart. The grinding tyranny of merciless competition still held the field unchallenged; even earnest men like Bright and Cobden who had achieved the deliverance of the country from the killing burden of the Corn Tax, were nevertheless among the most stubborn opponents of Lord Shaftesbury's reforms. In a large number of industries wages were still maintained at a starvation level. The tale is told how in the streets of Leicester, the Chartist, Thomas Cooper, hearing the stocking-makers busy at their work far into the night, and enquiring of a friend what wage they earned, was told that the wage was about four and sixpence.* "You mean four and six a day," said Cooper, in all innocence. "No, four and six a week," was the reply, and this for working sixteen hours out of the twenty-four. Such a state of things was not to be remedied in a day, and meanwhile it was regarded, by theorists and society alike, as the outcome of an economic law which with the best will in the world neither capitalist nor labourer was able to alter or resist. So accepting poverty and distress as the inevitable accompaniment

* See an essay in Arnold Toynbee's "Industrial Revolution" entitled "Industry and Democracy."

of industrial progress, Mid-Victorian England refused to vex its soul over such matters ; and relapsed into a self-satisfied complacency which contrasts strangely with the qualms and heart-searchings of our twentieth century days.

Into this secure world of comfortable platitudes and prosperous energy, there was launched at length a challenge which startled and not a little shocked it. In 1869 John Ruskin, known hitherto as a brilliant but somewhat wayward critic of painting and Italian architecture, wrote for the *Cornhill Magazine* a series of four essays, which eighteen months later were published in a book entitled, "Unto This Last." In these essays Ruskin denounced in no veiled terms the utter rottenness of the industrial conditions then prevailing. His was not perhaps the first protest that was made ; Carlyle had inveighed against an avaricious age with all the passion of his racy rhetoric. Dickens in "Hard Times," and other novels, had revealed something of the miseries of the poor. But to challenge the authenticity of the Manchester gospel, to call in question the truth of its fundamental hypothesis, this had hardly been attempted till Ruskin dared it in this wonderful book ; wonderful alike in the audacity of its enthusiasm, which defied all the most cherished convictions of his day, and in its prophetic vision which outran time and with the insight of true genius seems to have foreshadowed future changes and heralded in advance the deep movings of a national conscience, tardily, but in our own days at least, unmistakably awakening ; a wonderful book, too, it must be owned, in its reckless disregard of self-consistency and its defiance of the hard logic of fact. There is no mistaking Ruskin's message, however ; it was delivered with a lucidity born of passionate conviction ; with an eloquence enriched by a wealth of metaphoric imagery and biblical quotation, and with all the musical art of

that poetic prose of which he was so supreme a master, and the very beauty of which (as Ruskin himself complained) often diverted men's attention from the meaning of his message. As a treatise, it is true, it possessed neither reasoned form nor scientific completeness; but to his own generation at least its contents were so wholly new and so subversive of accepted canons, that it is well worth our while here to recapitulate his principal contentions.

The contemporary science of Political Economy was built, as it seemed to Ruskin's generous mind, upon a fundamental falsehood. Like a science of gymnastics which should assume that men had no skeletons, it undertook to examine the dealings of man with man, and it left out his soul. At least, it allowed for one side of it only, and that the worst side. Thanks to this initial error, says Ruskin, the man of business had come to believe that it was his first duty to eliminate all the kindlier instincts and emotions and that the first condition of success was to be selfish. Society at large had not unnaturally taken the man of business at his word and imagining him at best to be a pure self-seeker, had come to rate the commercial profession lower in its esteem than the professions of the soldier, the clergyman, the doctor and the lawyer. Ruskin pleaded for a revision of this judgment; he maintained that commerce was not incompatible with Christian morality. The employer's part was not of necessity to grind the faces of the poor and depress wages to the lowest farthing. For him, too, no less than to other men, there was a call to nobler duties and loftier ideals than the interest of self. In commerce, too, "it is necessary to admit the idea of occasional voluntary loss; that sixpences have to be lost as well as lives, under a sense of duty; that the market may have its martyrdoms as well as the pulpit; and trade its heroisms as well as war."

It was the precedent set by the "more honourable" professions of the soldier, the doctor and the priest, that furnished Ruskin with his main constructive idea. Taking these for his model, he elaborated a new principle upon which wages should be determined. It is not, he argues, the way of the world to bargain or haggle over a subaltern's pay; "sick, we do not inquire for a physician who takes less than half a guinea; litigious, we never think of reducing six and eight-pence to four and sixpence; caught in a shower, we do not canvass the cabmen to find one who values his driving at less than sixpence a mile." Like every one of these, the labourer in factory or coal pit is also worthy of his turn; his labour has an absolute value; and its price should be a settled and recognised price. That price should not be affected either one way or the other by the influence of supply and demand. What have they to do with the value of a man's honest labour? "I want a horseshoe for my horse; twenty smiths or twenty thousand smiths may be ready to forge it; their number does not in one atom's weight affect the question of the equitable payment of the one who *does* forge it." A service done, we should reward it, whether it be done well or ill, by the same fixed and level wage. For "a man's labour for a day is a better standard of value than a measure of any produce."

Ruskin did not imagine, however, that competition could be altogether banished; it will remain, but under a different and healthier form. By our present practice, "according to the laws of demand and supply, when two men are ready to do the work and only one man wants to have it done, the two men underbid each other for it; and the one who gets it is underpaid. But when two men want the work done and there is only one man ready to do it, the two men who want it done overbid each other and the workman is overpaid.

But this, by Ruskin's method, could never happen; for the wage would no longer vary. Instead of this selfish and suicidal competition by which one man is forced to bid against his fellow we shall have an honourable and salutary emulation. For the man who does the work well, will find employment, the man who does it ill, will not. The reward of the good workman will no longer be the uncertain chance of driving a closer bargain than his fellow, but the comfortable assurance of a settled livelihood. The bad workman for his part will sink to a lower grade of employment. He will not work for the original employer, but may be, for his more successful rival; for the latter (earning now a just and ample wage), will have the wherewithal to satisfy new wants and will be able to pay the inferior workman to provide for their satisfaction. So it comes about that the good money paid by the employer to the first workman passes on from him to benefit the second also; and instead of two men* serving one employer at an unjust price, we shall now have one man serving the employer and another man serving the employed—and each at a price which is just.

Many other things Ruskin has to say in "Unto This Last," some which concern Political Economy and others which do not; neither need occupy us here. His essays, as he himself says in the Preface, "were reprobated in the most violent manner by most of the readers they met with." The prophet had no honour in his own generation. Nevertheless his teaching sowed good seed. Its moral appeal went far deeper than its logic. And when all its exaggerations, its contradictions and its fantasticalities are discounted, there remains much in what he said, which has left an

* Two men serving the employer because (as Ruskin argues) by his under-payment of workman Number One, the employer will have saved enough to employ workman Number Two as well.

enduring mark on the ideals and policies of the years which have followed.

(ii.)

The heresy of yesterday is not seldom the orthodoxy of to-day ; and, since Ruskin delivered his message to deaf and stubborn ears, the world has travelled far along the path he showed it. Ideals and standards have changed ; the old indifference has vanished ; and in theory at least, if not in practice, we have all some sympathy to spare for the grievance of the "sweated" labourer, some pity for the slum-dweller, and the unemployed, and the "submerged tenth." Consistent perhaps we cannot always boast to be. To purchase shirts or candles at the cheapest possible price is thought fair game enough ; but to deal with other men's labour in the same fashion seems somehow different, and, though we are too prone to forget how often cheap goods mean ill-paid labour, yet in drawing this very distinction we give proof how far our point of view has changed. For us human toil (and the welfare of lives and families dependent on it) is not a commodity like other commodities to be bandied to and fro by the callous hucksters of a market. The labourer, it is now remembered, is also a man, and not an inanimate piece upon the economic chess-board. Thus far at least Ruskin has won us to his way of thinking, yet seeing how widely different is the England of to-day from the ideal England which Ruskin had in view, we cannot but ask ourselves whether or no his schemes of reform, and in particular his scheme of the level wage would be practicable or beneficial.

Now, if what Ruskin advocated was simply a standardisation of wages, it may be said at once that things have moved already some way in that direction. Through the efforts of Trade Unions up and down the country, some sort of agreement has been reached

with masters ; and a particular price has been assigned to a particular piece of work. The turning of a lathe, the minding of a loom, the sorting out of coal lumps, and even the laying of a brick have each their settled price. But even in these organised trades it must be admitted that there is still a wide divergence between district and district, and it may be between neighbouring workshops. There are many occupations, however, in which wages are not so regulated ; thus before the Agricultural Legislation of 1917, the weekly earnings of a farm labourer in different parts of the country varied as widely as from twenty-two shillings to twelve ; and it is the same with hundreds of lesser jobs. In short, it is one of the chief duties of Labour in the future to force such organised arrangements upon employers, and defeat the inevitable tendency of struggling workmen to undersell each other.

If, however, Ruskin imagined that by the system of the level wage he would eliminate the inexorable influence of demand and supply, he was very much mistaken. For without reference to these it is impossible to set a value upon labour at all. Time, as he himself admits, is no true standard. If a coal-heaver works twelve hours to provide a Prime Minister with coal, he cannot expect twelve hours of service in return. A general's time is more precious than a private's ; and ten minutes of a skilled physician's thought is worth an apothecary's fortnight. So Ruskin falls back in due course upon the notion that skill must be the basis of evaluation. Yet has skill a value on its own account, or is it not of value just in so far as it satisfies the needs of men ? A person may possess great skill in the study of Hebrew dialects or in the making of periwigs ; but if nobody shares his antiquarian zeal, or wishes to wear false hair, he could not make a penny by either. In Ruskin's time there still existed men and women who were experienced in the

use of the hand-loom ; their skill was undeniable, but if it had been urged that they should continue to receive their former takings, it would have been a puzzle where to find the money. Skill even of the highest sort must often go unrewarded, and the greatest epic in the English language brought Milton five pounds for the first edition. Ruskin no doubt would have been ready to devise a scheme for the detection and reward of unrecognised genius. But it would have taxed Rhadamanthus himself to decide between all the rival claims. The fact is that it is impossible to assess the worth of all the various services of men, without reference to the existing scales of values ; and that scale of values is at bottom based upon supply and demand. The claim of the skilful to receive more than the unskilful lies in their *rarity* and nothing else. If schoolmasters receive better pay for teaching Greek than for teaching the alphabet, it is because few men have the opportunity of taking a classical degree, and of these fewer still have the taste or the capacity for teaching. If by some miracle all the babies born since 1850 had been natural Greek scholars and instinctive pedagogues, it is more than probable that scholastic salaries would be lower than they are. But (to take a less fantastic supposition) let us suppose that a mine is opened in South Africa which works for three years without disaster. At the end of the third year, half the pit hands develop unmistakable symptoms of consumption ; and doctors impute the outbreak to the condition of the mine. If there were no falling off next year in the number of applicants for work, the directors might be secretly surprised and gratified, but they would certainly not raise the wages. If, however, nobody applied, they would raise the wages (within the compass of what the mine could itself afford) until somebody did ; and the wage would settle at the precise amount which would tempt workmen in sufficient

numbers. Here, then, is a nice question for discussion, what value men will set upon the loss of a lung, a question to which no Board of Assessors that ever sat could offer an adequate solution; but a question which is solved easily enough by the practical arithmetic of supply and demand.

Thus any attempt to fix the value of work by any arbitrary standard will be fraught with real and almost insurmountable difficulties. Even if the standard were satisfactorily settled now it would be out of date in a few years time. There will be changes in men's habits and ambitions, changes in their taste for one sort of work and distaste for another, changes in the productiveness of their labour and in the cost of living. None of these factors but will have an influence upon the question of their remuneration. Some of these factors no trained assessor could foresee or compute; others have, in the past and present, proved a stumbling block to practical reformers. If, for example, women are to be absorbed into a new branch of industry, it is no easy problem to decide whether they shall enjoy the same rates of pay as men, or whether the men's labour will depreciate in value. Again, the cost of living varies in different parts of England, and although the wages of both are fixed at the same rate, an artisan in one district will be better off than his fellow in another. In each of these two cases the influence of Supply and Demand will creep in and upset the justice of our calculations. To evade them altogether seems difficult if not impossible, but the most striking illustration of the difficulty is to be found in the problem of the minimum wage—a reform which approximates perhaps most nearly to Ruskin's own suggestion. Let us suppose, that a minimum wage is promised to the men of the Welsh coal fields; in consequence of the increased drain on their resources many owners find that the

profits of their mine are reduced to nothing, so the mines are closed. Or, again, suppose a manufacturer of toys agrees to pay his workmen a wage of thirty shillings, in order to make a clear profit, he is then forced to raise the price of his toys, and soon he will find that he is undersold by cheap toys coming from abroad, where toy makers subsist upon a pound. So, unless a State Bounty or a Protective Tariff comes in to save him, his trade is ruined. Perhaps it may be as well to put an end to mines or industries which are either so unproductive or so badly managed that the employer cannot afford to pay their workers a living wage and at the same time hold their own in competition; but it may equally be argued that, when the workers of a nation claim for themselves a high standard of living and yet fail by the quality of their work to justify that claim, the nation must go under. Their goods will become too dear to find a market; their trade will vanish and with it the very means, I will not say to live at the high standard they have set, but even to live at all. In short, their defiance of supply and demand will be to court disaster, for the old mole working below the surface will be the undoing of them yet.

Yet in speaking of the minimum wage, there is another possibility of which we must take account, and which may even reveal it in a better light as a practical and salutary reform. Ruskin struck upon a truth which went even deeper than perhaps he knew, when he described the benefits of paying a "just" wage. It is better, he said, that one workman should receive an ample wage and therewith engage the services of another than that both of them should work for one employer at an insufficient wage. There is no doubt that it is better, and often the raising of wages to a higher level may be a stimulus to industry and not a drag—and this in two ways. First, then, it

is obvious that the wage-earners' power of purchase will be thereby increased. He will have more to spend; he will discover new wants to satisfy, and other workmen will be called upon to produce for the satisfaction of those wants. Now, as we have seen above, the great need of the world is to produce more plentifully and more cheaply. If man chooses, he can, by the exercise of his wits no less than by the exertion of his body, devise more rapid and more fruitful methods of production than he has in the past employed. But he needs some stimulus to do so; and the best stimulus of all is a declared and obvious demand. Men will not produce unless they are certain that others will consume; therefore the best means to quicken the producer's energy is to increase the consumer's power of purchase. So the universal minimum wage, though in the long run it must be expected to cause a general rise in prices, may in the meanwhile have done its work by improving man's industrial methods, drawing out his inventive faculty and infusing, as it were, fresh blood into the languishing body of commerce. But besides the stimulus which the minimum wage may give to industry as a whole, it may prove a more particular advantage to the trade which it immediately concerns. Nothing is more strange than the persistent blindness of employers to the very obvious fact that ill-paid labour does not pay. A worker who is badly kept and poorly fed cannot in reason be expected to perform the best work of which he is capable. The most crying scandal of the nineteenth century is the ill-health of our urban populations and the deterioration of the national physique. Girls and boys who are brought up on insufficient nourishment, represent so much loss of economic power to the community. Men and women who are compelled to labour under distressing or insanitary conditions are wasting that vital energy which is the nation's most

precious capital. It has now been abundantly proved in our Colonies, in America, and at last perhaps still nearer home, that the best investment which an employer can make, is the money spent upon the health and happiness of his employees. Whatever he can do to ease the tedium of the work, to make surroundings healthy and cheerful, and even to provide relaxation for mind and body, will repay him handsomely in the increased output of his industry. He will have at his command both more efficient and more willing workers; and the goodwill of his men is the most valued asset of the wise employer. How much more it is essential to pay not a "living wage" indeed, but such a wage as will offer the highest possible return in increased efficiency, is a lesson which has been learnt too slowly, but which now perhaps is beginning to be learnt at last.

If, however, we are to conclude that this is all that Ruskin meant, we have strangely mistaken the purpose of his message. He is not one to advocate philanthropy because it is profitable to the philanthropist. Morality and self-interest, however frequently they may go hand in hand, are not to be confounded. Despite the worldly-wise counsel of proverbial wisdom, traders are not meant to be honest because it is the best policy, nor employers to be kind simply because it pays. There is a moral obligation, too, as well in one case as in the other; and in his heart of hearts there is no sane person but acknowledges its claim. When we speak of "fair" prices and "just" wages we mean something more than a cant phrase. In trading men have obligations as well as privileges, duties as well as rights. For just as in the democratic state all are in part governors and in part governed, so in the economic body all are in part consumers, and all (or nearly all) in part producers. And so, when we are tempted to gloze over the conflict

between our own interest and our neighbour's and excuse an unfair gain which is another's loss, we should do well to remember this common tie of mutual service and mutual dependence. Buying and selling, producing and consuming, we are all involved in one universal game ; and by an unspoken instinct at least, if not by compact, we all agreed that this game should be played according to the rules. So we have come to speak of a bargain as fair or unfair, not because the value of this or that is determined by ethics, or depends upon some abstract standard of right or wrong, but because each, knowing his power as a producer, is minded to use it with restraint upon condition that his fellows should do likewise. Madam Do-as-you-would-be-done-by holds authority in trade no less than in other spheres of human intercourse. In our social and political life we have long since learnt to reject the principle of "might is right"—but we have still to learn that economic power is not given us for exploitation and misuse, and that the Ten Commandments do not cease to be operative behind the counting-house door.

To reconcile the selfish claims of economic interest with the altruistic ideals of moral obligation must always be a difficult task—but most difficult of all perhaps for the employer. For his responsibility is heavier than all others. The man who holds such power for good or evil over the lives of hundreds, or it may be thousands of his fellow beings, cannot shirk the responsibility of that tremendous trust. He owes it to them and to himself and to the State that this trust shall be discharged according to the measure of his powers and his opportunity. The more honour to him if he discharges it well. The market, as Ruskin says, "may have its martyrdoms as well as the pulpit, and trade its heroism as well as war." This is in truth a hard saying ; but the precepts of all high moralities are

hard. It may seem as though the exigencies of business leave little loophole for the exercise of Christian virtues and that every act of buying and selling must clash with the Sermon on the Mount. Yet in reality this conflict between duty of sacrifice and the interests of self are by no means confined to Trade. In every phase of life there are claims and counter-claims, both of them legitimate, yet competing for our allegiance and haling us two ways. The claims of the family may conflict with claims of the community, the conscience of the individual with prerogatives of State, loyalty to Party with obedience to a wider call. There is little or no direct guidance in Scripture or elsewhere to tell us which of the two should be obeyed or how far; there are no cut and dried formulæ, by which these puzzles may be solved. Even the most pious priest must balance the satisfaction of his own needs against the satisfaction of the needs of others. Does he starve himself to feed the poor, who will be left to read the services in church? If he gives up his whole day to parochial ministrations where will he find time for the study of theology, or for intellectual and physical relaxation which is needed to keep his body fit and his mind alert? So too the man of business may honestly maintain that a motor-car and a comfortable house are an indispensable to the efficient performance of his duties—and, in general, the problems which beset his path are different only in degree from the problems which beset the path of others. To keep up "appearances" to enter society, educate his children and cultivate his mind; all these are legitimate claims upon his purse; and so long as he shows generosity and fairness in his business dealings and decent moderation in his private habits, his employees will be the last to grudge him the satisfaction of such claims. But the counter-claim still stands—there is the welfare of those whom he employs to be considered. If claim

and counter-claim can both be satisfied, no more need be said. But if there is a clash of interests and one or the other must be sacrificed, then a balance must be struck and a choice be made—and we cannot in good conscience make that choice upon any but the highest grounds. It is for each to see that his eye is single in the choosing and that he uses no weighted scales.

CHAPTER XII.

THE RISE OF LABOUR.

(i.)

BUT something more forcible than Ruskin's good advice was needed to bring the employers to a better frame of mind ; and instead of waiting their conversion, whether to Christianity or to common sense, the workers were engaged in forging a weapon of their own, and that weapon was the strike. If it is the poor man's necessity to offer his labour in exchange for daily bread, it is no less his liberty to refuse it. In so doing, he commits no wrong. He is under no obligation to work, if he prefers to starve ; nor is he bound by any life-long contract such as circumstances imposed upon the slave or serf. In theory at least the modern labourer is a free man ; and whether or no it be a wise policy for him to withhold his labour, he certainly has as much right to do so, as the farmer to withhold his pig from market. The Strike then is in essence neither anarchy nor crime ; it is simply the normal weapon of one party to a bargain.* It suffers, it is true, from one natural and fundamental weakness, in that the employer is in possession of the necessities of life and the labourer is not. So his bargaining power must always be weaker, man for man, than is his master's, at worst he is wholly at the other's mercy, as the starving man is at the mercy of the man with bread. At best he is still fighting an unequal battle, as with blunder-

* Whether the right to strike may not ultimately develop into a dangerous form of monopoly, is another matter—to be discussed hereafter.

buss against gun. One thing, however, he may do to redress the balance ; he may persuade his fellows to concerted action. Unity is strength ; and, taken in combination, the bargaining power of the workers may become equal, perhaps superior to the bargaining power of the employer. For, though the employer may suffer no serious damage by the loss of a particular workman, it must mean ultimate disaster if nobody will work for him at all. So from the first it has been the worker's desire to promote, as it has been (until recent years) the employer's desire to restrict, the use of industrial combination.

Until after Waterloo was fought, and the old order of things had passed definitely away, the power of the employer held the field unchallenged. During the latter half of the preceding century, those new processes of manufacture which brought the Industrial Revolution into being, had not merely begun to spread terrible distress among the workers, but had indirectly caused a serious infringement of their rights and liberties. The introduction of new processes of manufacture had led to the widespread employment of children and women, and this had very naturally aroused the resentment of the adult workers who found themselves, temporarily at least, displaced. By way of protest they appealed to the Statute of Apprentices, an obsolete law of Queen Elizabeth's reign ; and they even attempted by some sort of combination to enforce its observance. But the employers went one better ; and in the last year of the century secured the passage of a law by which all such combination " in restraint of trade " was positively forbidden. But such repressive measures could hardly be permanent. More and more the workers became sensible of the vileness of their own condition, of the glaring contrast between poverty and wealth, and of the inhuman attitude of their masters. And along with this growing

discontent, came new and wider opportunities for concerted action. Crowded together into the centres of trade and industry, they were now better able to take counsel together than they had been when scattered among the villages and country towns. Education too, was slowly but surely spreading; men began to think for themselves; and ideas bred by the success of the French Revolution were taking root downwards. A bitterness sprang up between rich and poor which, as the century wore on and democracy matured, was to develop into a definite antagonism and to range the classes in two hostile camps.

Oddly enough, however, it was to the men of the school of Adam Smith that the workers first owed their deliverance. In 1824 these champions of economic freedom extorted from an unwilling Parliament the Repeal of the Combination Laws. The workers were now free to combine (though only it is true for peaceable discussions), and with that the history of Trade Unionism began. Though the earliest attempts at combination were short-lived, there arose in the course of the Forties several sturdy associations, which survived in the face of much difficulty and opposition, and many of which (such as the Operative Bricklayers' Society and the Amalgamated Society of Engineers) are still in being and are known as the Old Unions. As yet, however, the battle was only half won. The Repeal of the Combination Laws, while it allowed men to associate in Unions for the discussion of wages and working hours, had yet given the Unions no legal status and no protection for their funds. One Justice of Queen's Bench openly hinted that all combination to raise wages, were its methods never so peaceful, was a conspiracy and a crime before the law. Such opinions were little likely to conciliate the workers; and by 1860 the Trade Unionists were beginning to act with increasing violence. In Sheffield

a gunpowder explosion was traced to their agency, and a certain saw-grinder, James Lindley by name, was murdered by a shot from an air-gun, for breaking the regulations of his Union. The country was seriously perturbed. A Royal Commission was appointed; and in the sequel the cause of labour won a substantial victory. By the Acts of 1871 and 1875 the position of Trades Unions and in particular their right to hold land and accumulate funds, was formally recognised by law. These funds might now be used at the Unionists' discretion, on condition that an annual account of them was presented to the Public Registrar. And, provided that the Unions committed no act which in a private citizen would be punishable as crime, they were henceforward free to pursue what policy they chose. The Charter of Labour was now won; and the efficacy of combination definitely assured, with the natural result that in the last quarter of the century the number of the Unions was nearly doubled. These new Unions passed rapidly from strength to strength; they found leaders of energy and resolution in such men as John Burns, Ben Tillett and Tom Mann, the trio who first won their spurs in the great Dock Strike of 1885. By continuous warfare the Unions quickly gained ground, consolidated their position and reinforced their ranks. Since the turn of the century the actual number of Unions has diminished, but their membership has increased by leaps and bounds. From upwards of two millions it rose in a dozen years to four; there are perhaps nearer five million unionists, male and female, in the country at the present day. All the best-paid trades are organised; miners, bricklayers, boiler-makers, ship builders, bootmakers, gas-workers, engineers and transport workers, beside a host of others—and even before the war they were among the most powerful forces in the country, and by constant pressure they

had again and again defeated the employers and won substantial improvement of their lot. But such a strong and resolute movement was not likely to confine its energies for long to the industrial sphere alone—and through their Parliamentary representatives they had entered the political arena. The Labour Party, though numerically weak, made deft use of its alliance with the Liberal coalition, and during the first decade of the century it was not without its triumphs. It has emerged from the crisis of war more formidable than ever. At first suspected and despised on account of the pacifist tendencies of its leading members, it has insisted upon making the voice of Labour heard, and when the grievances and even threats of the industrial population could no longer be ignored, a Ministry of Labour was established; the Labour Party was granted a place in the Cabinet of five; and who shall say what part it may not play even yet in shaping the future course of English or European history.

This political achievement was the fruit of the New Unionism rather than the Old. The senior societies founded in Mid-Victorian times had been content to leave politics alone. They had endeavoured to improve the workers' lot chiefly in two ways, first by bringing direct pressure to bear on the employers, presenting their demands for better conditions, higher wages and shorter hours, and finally enforcing them by strike or threat of strike; secondly, by organising mutual assistance and insurance among the workers themselves, forming Benefit Funds, and out of these relieving the victims of accident, disease or unemployment. But for a very good reason this second aim became discredited among the newer Unionists. The heavy inroads which the benefit payments might make upon the Union funds, were liable to drain their resources and reduce their fighting strength. In 1900 the danger of financial exhaustion was further increased by the Taff

Vale Decision. A strike had broken out on the Taff Vale Railway, and the company took legal proceedings against the men for the damage done in the strike. The case was carried from court to court ; and finally the House of Lords decided that a registered Union might be sued at law and was itself liable for injuries inflicted by its members. The decision involved a new menace to Union funds, and, pending its reversal, the argument for abandoning the expenditure on benefits was overwhelming. The upshot was that a fresh impetus was given to the alternative policy upon which the new Unions had already embarked. This policy, as we have shown above, aimed at reinforcing industrial pressure by parliamentary action, and at achieving by public legislation what private bargaining could not secure them. Extravagant hopes of speedy victory were at first entertained, but were doomed to inevitable disappointment. The representatives of Labour formed but a mere handful in the House of Commons ; and even these lacked ripe experience for the difficult game of politics. None the less, whether through the direct agency of the party or whether because the new crusade focussed public attention more closely on industrial problems, their efforts were by no means barren. During the last twenty years Act upon Act had been passed, reforming and regulating the relations between Capital and Labour. Under the Employers' Liability Act masters are bound to compensate their men for injuries received in carrying out their duties. This and the institution of Old Age Pensions have removed the more pressing needs for Benefit Funds. Under the Insurance Act the members of certain trades are now compulsorily insured against unemployment. Many gross abuses have been done away. In some ill-paid or "sweated" industries (such for instance as that of chain-making) the payment of a "living wage" has been enforced.

Even when the Welsh miners, a far more prosperous class, struck for a minimum wage, their victory was blessed by the sanction of the law. The Board of Trade has bestirred itself to mitigate the evils of unemployment and industrial strife (though not always in the way which Labour itself would choose). Sir George Askwith and its other representatives are constantly at their work of reconciliation and arbitration in disputes. Labour bureaux of information have been established up and down the country to remedy the frequent hardships of fluctuating and intermittent trades. Acts have been passed providing for Insurance against ill-health or unemployment, and for compensation in case of accidents or injury. One way and another, Politics have played no small part in industrial evolution; and at the present time Parliament seems to offer greater scope than ever for the supporters and representatives of Labour. Though before the war their party was losing caste with the rank and file, and disappointed prophets declared it to be a failure, the day does not now seem so very far distant when a Labour Ministry may be seated upon the Treasury Bench.

(ii.)

But the success which Labour has hitherto achieved has not been won without much careful thought and elaborate organisation. It is only in recent years that the full possibilities of the movement have been realised; and in the meantime both parties in the conflict have been busy improving their methods and enlarging their resources. The employers on their part have not been idle. Seeing how the industrial pressure of strikes and agitation was increasing and how through its Parliamentary agents Labour had begun to lay a faltering hand even upon the reins of political power, they could no longer be indifferent to this double

menace. In the early days of Trades Union history, the employers' chief safeguard had been the numerical weakness of the Unionists themselves. So long as a small fraction only of the men were combined against them the capitalists felt little cause for real anxiety. They needed but to count the cost before embarking upon a trial of strength and decide whether the temporary dislocation of business was worth their while; the final issue of the struggle was hardly in question. There existed still a vast reservoir of unorganised labour, upon which they could draw to fill the places of recalcitrant unionists; and, while "black leg" labour was plentiful, no Union could hope for complete or permanent success. But, as time went on, and the Unions multiplied exceedingly, employers took alarm; and though the strength of organised labour is still numerically weak (even to-day it counts for barely a third of the industrial population) it was felt that the time had come for counter measures. As for the men, so equally for the masters, the wisest tactics were to close their ranks. Combination can best be met by combination. The Employers' Lock-out is the obvious answer to the workman's strike.

In prosperous, chaotic, easy-going England the process of combination has been slow; employers clinging to their traditional belief in economic liberty and unrestricted competition, have been loth to tie their hands. But among other nations, to whom the discipline of centralised authority is less distasteful, developments have been more rapid and deliberate. In Sweden, for example, the two opposing parties are now entrenched in two solid Federations, all the employers on one side, upwards of half the working population on the other. Upon the first hint of serious trouble the employers mobilise their forces for a general lock-out. In 1906 they won the day merely by threat of action. In 1909 the Unions replied by declaring

a general strike. The moment was ill chosen ; trade happened at the time to be bad ; so it suited the employers' book to close the workshops and the men were easily defeated. In other countries, too, analogous developments have taken place ; in well-drilled Germany the unions of employers known as Kartels, have gained considerable power. But, here in England open organisation has hardly been attempted. Nevertheless, as the strength and unity of the Labour movement grows, a similar policy will certainly be forced upon our manufacturers. They can no longer afford the luxury of their old independence.*

For the Unions, on their part, have not been slow to see the advantages of closer co-operation. Up to the present there is indeed no central body to direct and co-ordinate the policy of the whole movement. Such a function is very inadequately performed by the Trades Union Congress, half committee which formulates the course of Labour's political campaign, half debating society, where academic resolutions are discussed and enthusiasts can air their high-flown and fanciful ideals. On the other hand, some practical steps have been taken to draw the bonds together ; alliances have already been formed between various unions sometimes by complete fusion or amalgamation (such as took place in recent years between three out of the four great Railway Unions), sometimes by a more tentative policy of federation. In the first year of the war, for instance, the three powerful societies of the Railway men, the Coalminers and the Transport Workers, entered upon a mutual agreement for united action. But there are so many objections and obstacles to such a course, that complete solidarity is still very far from

* Within the last twelve months very decided steps have been already taken. The prospect of post-bellum competition against Germany has stirred the employers to combination far more than the threats of Labour could have done.

being realised. In the first place, centralisation of any sort means officials ; and officialdom has never been popular with Englishmen. Unless the methods of election and representation are constantly revised, the leaders lose touch with the men ; they fail of the vigour and audacity needed for constructive action ; and Trade Unionism may very easily become as sterile and inert as any political bureaucracy. Worse still, there is not seldom jealousy between different trades ; and, as is only natural, every union is loth to involve itself in troubles which are not its own. Finally, as we have said already, the unions are far from having the whole force of labour at their back. Partly from ignorance of their value, partly from distrust of their methods, and dislike of the restrictions they impose, even more from inability to pay the subscription to the Union funds, the large mass of workers still remains outside. All manners of efforts have been made to induce them to come in. Those who are members already are forbidden in any way to assist non-unionists, often to work with non-unionists, and even (during strikes) to touch goods which non-unionists have handled. In season and out of season, by fair methods and foul, the Gospel of Unionism has been preached that by whatever means converts may be brought into the fold. During a strike a black-leg labourer is made to go in terror of his life ; and even the " peaceful picketing " allowed by law can often be a very formidable method of coercion. Such tactics, it is true, are a grievous violation of the independent labourer's liberties and rights. The Unions are hard task-masters ; their rules place most tyrannical restrictions not merely upon the output of each member's work, but upon the amount of each member's wage. There may seem, perhaps, small justice in compelling others to submit, against their will and, as they think, against their interest, to such arbitrary regulations. But from the Unionist's point

of view the non-Unionist is to blame, not he. Whoever underbids his fellow is considered a traitor to the sacred cause. Whether the non-unionist does unionist's work at a smaller wage, or whether he does more work than the unionist at the same wage, it is all one. He is playing the employer's game, and stealing a march unfairly upon comrades whose interest should also be his interest, and whose cause his cause. And to make his crime the blacker, he is often enjoying the better conditions, better wages and better hours which are the hard won fruits of Unionists' exertions. It seems a coward's part to profit by the battles which others have fought and won, and himself to stand aside.

When, therefore, the Unions set limitations upon work and pay, it is not from pure jealousy of the keen and strenuous workman. The Unionist is not the fool that some people imagine; and in most cases a reason well thought out underlies his seemingly irrational procedure. He has fought hard and long for the improvement of his wages and now—a far more subtle and complex task—his effort is mainly centred upon the improvement of his conditions. In this struggle constant vigilance and foresight will be needed, or he will be thwarted at every turn by the employers. Suppose, for example, that he contrives to limit the hours of the working-day. The employer at once shifts his ground and offers extra pay for overtime work. How unreasonable of the Unions to prevent the sturdy workman from thus adding to his wage! Yet is it? Who can say that his gain may not be another's loss? His extra work may enable the employer to dispense with the services of the less active. It is probable, too, that in the long run wages themselves will be affected. The employer will not be able to afford to pay more for ten hours' work than he has done in the past; and those who can work but eight will be the first to suffer.

So to protect the weaker brethren who would thus be put to a serious disadvantage and perhaps lose their places altogether, the Unionists may be forced to set some limit to this practice and curtail the opportunities for overtime for all alike.* Again, to the outsider, it seems mere commonsense that when for some reason the hands in one department are idle, their labour should be used in some other department or on some other process. But the normal performers of that process do not regard it in that light. They merely see their own skill set at a discount, their monopoly threatened and themselves perhaps in the issue driven out of employment. So Unionists are naturally jealous not only of their rights as against the employer, but as against the non-unionists as well—and in self-defence they have built up a whole network of usages and regulations some actually recorded on paper, some handed down by tradition. These regulations differ from district to district, often from shop to shop. They were well described by a correspondent in the *Times* of January, 1917, as follows: "They embrace," he said, "not only the standard rate of wages, and the length of the normal working day, together with arrangements for overtime, night work, Sunday duty, mealtimes and holidays, but also the exact class of operatives (apprenticed, or skilled, semi-skilled or unskilled, labourers or women) to be engaged or not engaged for various kinds of work, upon particular processes, or with different types of machine; whether non-unionists should be employed at all; what processes should be employed for particular tasks; what machines should be used for particular jobs; how machines should be placed in relation to each other,

* Unionists' opinions differ on this point, some being in favour of restricting "overtime" work, others opposing such restriction. Certainly whatever may be urged on behalf of Trades Union action, there is a most real danger lest it should in this matter at least, damp the ardour and check the ambitions of the genuine hard-worker.

and the speed at which they should be worked ; whether one operative should complete a whole job, or attend only to one machine or form part of a team of specialised operatives each doing a different process ; what wages, if any, should be paid in the intervals between jobs, or whilst waiting for material, and what notice of termination of engagement should be given ; whether boys and girls or young persons should be employed at all, or in what processes or with what machines, or in what proportion to adult workmen ; whether remuneration should be by time or by the piece, and under what conditions, at what rates or with what allowances ; and—perhaps where it prevailed most severely criticised of all, but by no means universally existing—what amount of output by each operative should be considered a fair day's work, not to be considerably exceeded under penalty of the serious displeasure of the workshop."

These and other like concessions wrung from the master by the men, or imposed by the men upon their fellows, are a striking testimony to the success of Trades Union action, but it must not be forgotten that this success was double-edged. Upon the one hand, it is true, that by nearly a century of effort a marvellous transformation has been wrought in the status of the working man. But see also how damaging has been the cost. In the article above quoted, it was pointed out how much production suffered from these hampering restrictions ; and how immense has been the gain when under stress of war such practices are largely swept away. No sooner was the check removed from individual effort, no sooner was prejudice and torpor replaced by energy and goodwill, new machinery introduced and old machinery reconstructed or improved, than production increased with giant strides. Already in eighteen months after the Ministry of Munitions was first established, a new Industrial Revolution had taken

place ; and the 20,000 establishments working under Government control were " turning out on an average more than *twice* the product per operative that they did before the war." However workmen may grumble against employers' profits, whatever they may think about the unequal distribution of the spoils, such an increase could not but redound to their gain, such retardation as had existed, could not but mean their loss.

Nor was this the only defect which marred the success of Unionist achievement. Even the proudest victory may in the event look very like defeat. The minimum wage, for instance, turns out in practice to be no unmixed blessing ; for, if the employer is forced to pay a statutory wage, he will require in compensation a full and adequate return in work ; to retain the services of old, weak, or inefficient workmen will not be worth his while ; and so, what is gain to some unionists, brings dismissal and penury to others. Even strikes, however triumphant, may mean time wasted, markets lost, trade crippled. In the cotton industry the cupidity of the workers looked at one time like driving capital out of the business. Even prosperous owners will not embark on new and costly ventures, if they know that a fresh demand for higher wages will surely follow. Struggling firms will shut down rather than run their business at a loss. If trade suffers so must the workman ; and if the workmen are ready to " down tools " upon the smallest provocation, Trade cannot prosper amid a state of constant strikes. More deleterious still than open warfare, are those subterranean tactics which go under the common name of " ca' canny."* Instead of

* The term and the practice originated in the Building Trade. Masons saw that (as there were only a certain number of houses to be built) the quicker the job was done the longer would be the period of unemployment that would follow. So they deliberately adopted the plan of making the job last as long as they could, forbidding Union

declaring an open strike workmen will adopt the insidious alternative of a "bad day's work for a bad day's pay." They may even imitate the Italian railwaymen, who threw the whole transport service into utter confusion by literal obedience to the companies' instructions; or with a still more subtle irony, they may do their work very slowly and do it very well.* When in this way the operatives agree with one consent to limit the output by deliberate slackness, the management is helpless, profits drop, and yet the quarrel cannot be brought to a clear issue, and once more the workers suffer. Like the dog which lost his bone by trying to catch its reflection in the water, Labour has fixed its eye upon a shadow. To the more solid benefits of maximum production it is blind.

Little wonder then that such violent methods find small favour with a large section of the workers. Partly from short-sighted ignorance, partly from the sane conservatism of the British workman, there is a dislike of pushing matters to extremes. Compromise and conciliation are, in general, more attractive to them. They prefer to avoid open warfare, if differences can be settled by diplomacy. The representatives of masters and men may meet together, grievances may be discussed, an ultimatum perhaps be delivered. Each party can compute the strength and advantage of the other; each knows what force it holds in reserve itself. If war can be averted, it is to the interest of both sides to avert it, and more often than not, it is found possible to "agree with the adversary in the way." The use of conciliation which

members to lay more than a fixed number of bricks per hour, etc. There is always a danger that this form of protest may be used offensively as well as for the more legitimate purpose of self-defence—and in other industries where it might be even more effective and more injurious to the public interest.

* This practice is known as 'sabotage' or 'feet shuffling.'

in countries like Australia has been forced by law, is in England a natural growth. The relations between masters and men are often cordial, sometimes there is a mutual understanding and a reciprocal policy of "give and take." The Boiler Makers and Iron and Steel Shipbuilders' Society are even pledged to compensate the masters for bad workmanship or breach of faith. A similar agreement exists between the Engineers and the employers of some districts, where good work is rewarded by a premium bonus. But in general, such evidence of mutual confidence is rare; more frequently such diplomacy is nothing but the velvet glove. Labour means to come by its own, and beneath the surface there is everywhere suspicion, distrust, and preparation for a yet sterner fight.

(iii.)

Through whatever phases the industrial war may pass, and whatever may be the immediate question in dispute, the central issue is eternally the same—the issue between the man who has property and the man who has none. Until the close of the last century, the rate of pay was the chief point over which the fight was carried on. Then, as wages rose, and the cost of living became less, the ground was shifted and industrial conditions were uppermost. But for all that, the origin of discontent is not radically different; and it matters little whether the quarrel turns upon the rate of wages or the conditions of employment. These are but two sides to the same bargain. For a labouring man may say, "Whatever work you set me, I will do it, and what way you choose; but the wage is not sufficient, you must give me more," or alternatively he may say, "I will be satisfied with the wage you offer, but unless the character of the work is changed, conditions improved and hours diminished, I will do no work for you." It is all the same whether a man

demands a larger loaf for his sixpence, or claims to receive the sixpenny loaf for fourpence half-penny. So for Labour there is but one fundamental problem, one grievance for ever unremoved. In a single word, Labour feels itself to be exploited. It says, and it is never tired of saying, that while the whole burden of production falls upon its own shoulders, the profit of production goes into the Capitalist's purse. Take the case of a Company which employs women to turn out ready-made shirts. The seamstress' wage is one shilling a day; the shareholders' annual dividend is seventeen per cent. That is an actual case; but perhaps an uncommon one. So glaring a disproportion between the shares of Capital and Labour may be rare. But the proportion is not the point. Labour declares that in every case the profits go to the wrong man. It scorns compromise; and it revolts from any formula by which a just proportion might be fixed. Not that it denies the value of Capital. How could it? No sane man would pretend that crops can be raised without implements, boots or bicycles manufactured without machines. All that Labour denies is the right of individuals to turn Capital to profit. One man owns a factory, a field, a mine. Other men till that field, operate that factory, or dig that mine; yet without raising a finger to the work, or, at most, by sitting in his office and ordering his foremen and managers about, the owner by sheer right of possession annexes the chief profits of their toil. If the price of corn or coal rises, he alone reaps the benefit; those who grew the corn or raised the coal do not touch a penny of the surplus. Labour's doctrine is not vague; "Wherever we look," it says, "we see the sources of production and the means of production held as the monopoly of the few. We see an idle, undeserving class (a half-conscious exaggeration) battenning upon an outward privilege. In the sphere of politics oligarchic monopoly

has had its day ; democracy and equal rights have triumphed. But in the economic sphere, we are still bound by the shackles of the industrial feudalism. We, the rightful heirs to our country's rich resources, are still shut out of our inheritance ; we have no more share in the family wealth than if we were the family slaves. For this there is but one remedy. Until the monopoly is destroyed, and until the means and sources of production are taken from the hands of the usurpers, there can be for us neither compromise nor peace."

All this is, of course, not the talk of the apathetic, half contented millions ; but of the more progressive and more vocal section of the Labour movement. But if it seems to sound the tocsin of revolution, it is not for all that a hare-brained or ill-considered scheme. It is no mere catch-word philosophy which neither means what it says nor says what it means. For behind the inarticulate mass, who find in some ready-made phrase a specious remedy for their distresses ; behind the noisy blusterers, who spout exaggerated half-truths in mass meetings or at street corners, there are plenty of hard heads and busy brains at work. There are men who read, discuss, and think for themselves ; and out of their thoughts they weave long-sighted altruistic schemes for the regeneration of the world. They see past the petty squabbles which concern a mere rise in wages, or a point of work-shop discipline ; they look to the ultimate goal towards which they conceive organised labour to be moving ; they see the irresistible force which the masses, did they but present a united front, might wield ; and first and foremost they are concerned with the purpose to which that force may one fine day be put. On one point they are generally agreed ; by fair means or foul the sources and the means of production must be taken from the Capitalist. But

(happily for the Capitalist) they have fallen out among themselves over the prospective division of the spoils ; they cannot agree to whom the sources of production should properly belong. One school contends that they are the rightful heritage of the community at large, and that the ownership of them should be vested in the State. These are the Socialist School, or to give them a stricter and less abused title, the Collectivists. The rival school declares that the worker's claim is supreme, and that they must own that which derives its value from their labour alone. " The mine for the miners, the factory for the factory hands " is the cry of those who for want of an English name have borrowed one from France and are called the Syndicalists.

The Socialists are first in the field. The bias towards political action, which was the mark of the Newer Unionism, naturally lent itself to the Collectivist solution. If the best remedy for industrial troubles is the intervention of the State, complete reform can only come when the State has assumed complete control. In the early nineties the so-called Independent Labour Party headed the movement towards the socialist ideal. At the Trade Union Congress held at Norwich in 1894 a resolution was put forward to the effect that " it was essential to the maintenance of British industries to nationalise the land, the mines, minerals and royalty rents." Mr. Keir Hardie proposed an amendment to omit the words, " mines, minerals, and royalty rents," and to substitute " the whole means of production, distribution and exchange." Here was the socialist gospel in a nutshell. The amendment was supported by John Burns and Tom Mann, and was carried by a large majority. Nevertheless, there were strong dissentients among Labour. The representatives of the Old Unions were still a vigorous and sturdy lot, placing more faith in indi-

vidual effort, self reliance and self-help than in all the political nostrums of the Socialists. They maintained that such vague recommendations were useless, as being outside the range of all practical application. They threatened to secede from the Congress, and their resistance so far triumphed that Socialism has gradually fallen into the background and such nebulous proposals as Keir Hardie's have ceased to appear on the agenda of the Congress. The Socialist Members at Westminster remained a handful of discredited cranks ; few listen to them now ; and, although during the war, the nationalisation of the Railways and the Mines—that consummation once so eagerly awaited—has been put to the test, it is doubtful whether the result of the experiment will make men quite so eager for its repetition in the future.

The fact is that the spell of Socialism was broken; the old leadership had lost its hold ; the rank and file were tired of their propaganda, as of a too familiar tune ; and it needed something new to catch the ear. At the same time a new restlessness was stirring in the body of Labour. The last few years before the outbreak of the war were years of bitter fighting in the industrial world. There were large strikes in plenty, and threats of even larger.* The men were spoiling for a fight on whatever issue, The employees of the North-Eastern Railway went out because a guard, who was accused of being drunk, had been penalised by the Company officials. Prices had meanwhile been rising steadily for ten years, and were rising still. Wages, which shortly before had been tolerable, were no longer adequate to meet the rise. A long trade boom had been in progress, yet the workers had them-

* On a ten years' average previous to 1911 the annual number of strikes was 463, the number of persons affected 221,058, the number of days lost in aggregate about 4 million. In 1912, there were 821 strikes, affecting 1,437,032 persons ; and the days lost reached the astounding total of 40,346,400.

selves reaped little solid benefit therefrom. Agitators were busy with their fiery exhortations; let Labour arise like a giant refreshed, and no power on earth could resist its onslaught. There was, in fine, a new spirit abroad in the land; and it needed only a name and a theory to launch a new crusade. Both name and theory were supplied by Syndicalism.

Syndicalism came from France, where already in 1912 it was a sturdy growth. To be exact, the name "Syndicat" itself signifies no more than the English "Trade Union"; but the sense has been narrowed down and crystallised to fit a particular theory. According to this theory, bold and decisive as French theories are wont to be, the Syndicalist holds that nothing matters except business of production, and that nobody counts except the producer. From this it follows that the employer or capitalist does not count at all; war upon them is a duty war conducted without truce and without honour, until the enemy has been destroyed. Secondly it follows that the consuming public other than the organising producers, does not count; and therefore the State, or rather the Government which represents the whole community and defends the interests of every class alike, is equally an obstacle in the Syndicalist's path. Whether it happens to intervene on the worker's behalf or against them, it is an excrescence dealing, as they hold, with irrelevant issues and diverting men's attention from the one fundamental problem of life, production. "Men's country," says the Syndicalist, "is their own belly." The State and all that is bound up with its patriotism and nationality and central government must simply cease to exist. From these two doctrines put together the Syndicalist concludes that property must belong neither to individuals nor to the State, but must pass into the hands of the Producer's Unions. It is a fanciful ideal; it cannot at any point be pressed

to a logical conclusion. "The Mine for the Miners" is a fine sounding motto; but then comes the fair, though cynical retort, "the Patients for the Doctor"; and the thing appears ridiculous. Moreover, how such a reversal of our present social structure is to be accomplished, is not defined. Somehow or other the day will come like a thief in the night; a general strike, a revolution, who knows what? And in the meantime in blind but trustful faith, men must fight on preparing ceaselessly, winning here a little, there a little, by strike upon strike, and blow upon blow, pressing the enemy "*sans trêve et sans relâche*."

Such a theory may suit the intellectual and ardent temper of the French; but to most Englishmen, as stated in its extreme form, it sounds like idle talk. They have not that faith in abstract ideals which Frenchmen have; they like to see something for their money, or at least some tangible pledge of definite results. Nevertheless Syndicalism is a name which has caught on. In its saner aspects, at any rate, it seems to promise an alternative to Socialism, and is free from Socialism's most radical defects. The overthrow of Capitalist Society, which would leave the control of industry in the hands of the Trades Unions, and would bring the whole profit of production into the hands of the producers—that seems to many an ideal worth fighting for, and an ideal capable perhaps of none too distant realisation. Already before the war, Syndicalism had taken some hold upon the minds of progressive Unions. But during four years of war its growth has assumed more formidable proportions. The strike which in the past had been regarded merely as an attack on the employer, immediately became overt menace to the State, which was now directly or indirectly the employer of nine-tenths of the working population. Successive Governments were not strong enough or courageous

enough to meet the threats with stern suppression ; and point after point was conceded to the demands of Labour. So Labour finding itself victorious at all points, and that almost without a struggle, began to realise its strength. A spirit of unrest and defiance spread in the storm centres of industry, the cities of Northern England and South Scotland ; vague revolutionary theories which previously had been confined to agitators and rare enthusiasts now became popular catch-words ; and chief among them was the battle cry of Syndicalism ;—the means and sources of production for the producers. Syndicalism is not yet fully fledged ; it has still to develop a definite programme and formulate its policy of action. Nevertheless, in its more fanciful exaggerated form, it is a menace to the Capitalist which the Capitalist dare no longer ignore. More than that, it is a menace to the stability of our whole social organism, which since we have seen the unhappy chaos of the Russian Revolution, has assumed a more real and formidable shape. Sooner or later (and perhaps very soon), with it or with Socialism England will have to reckon. Both seem to offer a solution to a situation which cannot be permanent, which is already strained to breaking point, and which at any moment may become intolerable. In industrial warfare a temporary truce may be patched up ; some balance of advantage may be struck. But if Labour is resolved upon a fight to a finish, then a fight to a finish there must be. Let us know now what Labour stands for ; what is its concrete policy. If it hopes to win the fight, it is none too early to declare its terms, and to state what use it will make of victory when victory is won. For this is no longer a philosopher's question, no matter of passing academic resolutions or painting imaginary Utopias. Socialism, through the centralising influence of war's necessities, has already become a part of our political

structure. Syndicalism is debated in a hundred towns, vaguely perhaps, but none the less in deadly earnest. Whether either or neither will eventually triumph, the future alone will show ; but it is in the present (and that without delay) that the cost of both must be counted.

CHAPTER XIII

SOCIALISM

(i.)

SOCIALISM to the comfortable and ignorant is a word covering (thought not excusing) a multitude of sins. It is used and misused in a hundred different ways, now for one thing, now for another, but always as signifying something which, if not positively immoral, is at least to be regarded with ridicule or suspicion. At one time, it is a scheme for dividing the world's wealth into an infinite number of equal parts, to be distributed, like bread-tickets, among an infinite number of individuals. At another time it is simply a euphemism for wholesale robbery, whereby the rich man's money is to be handed over to the poor. Sometimes it is used in sorrowful contempt for any man whose sympathies are touched by the distresses of the "lower orders." Even the disciples of Socialism themselves are in no very strict agreement. Communists, Collectivists, Comtists, and Revolutionaries, are all gathered under the shelter of its cosmopolitan creed. The very course of the movement is as diverse as the history of religious sects. It pullulates like the monster of a hundred heads; no sooner is one destroyed by the sharp sword of logic or by the slow strangulation of political events, than two others spring into its place. For, truth to tell, Socialism is not so much a set system, as an enthusiasm and an ideal, and like the ideals of religion, it finds a new formula according to the temper of the age, and the nature of the soil in which it grows. In its widest sense, then, Socialism is simply a belief that all men are brothers and should

behave as such. It took just on eighteen hundred years of Christianity, before men thought of asserting this principle in any practical manner ; and when they did, they signalised their access of brotherly zeal by establishing a military despotism and cutting off a large number of their brothers' heads. But though the banner of the Revolution was inscribed with the words Liberty, Equality and Fraternity, and though Rousseau preached the ultimate rightness of pure Democracy, it is to the aftermath of the Revolution rather than to its actual course, that we shall look for any definite scheme of Socialistic practice. With two French writers in particular, Fourier and Saint Simon, the theory began to crystallise. Both were dreamers. Utopians, men of a naive and optimistic philanthropy, In the Gospel according to Fourier salvation was to be found through a new form of political unit. By living together in small groups or communes (counting under two thousand members), men could, he thought, improve their lot, chiefly through a new harmony of organisation which would supplant the wasteful discord of competition. Fourier did not himself propose to suppress all inequality arising from private ownership ; but more thorough-going *Communists* have not shrunk from asserting that such a society should live as the family lives, each member, that is, giving his work for the good of all, and *receiving each according to his need*. No doubt it is a beautiful ideal ; but to imagine that under such a system the individual would set a voluntary limit upon his appetite, requires an almost fanatical belief in the goodness of human nature. And, though, in point of fact, communities much on these lines have actually existed and even flourished in America, their success has only been achieved by the strictest enforcement of discipline, and under the spiritual stimulus of strong religious enthusiasm.

Saint-Simon's proposals were more plausible ; and, although in his own day the man himself remained a prophet without honour, yet the school of thought which he founded was long popular in France. Instead of proposing to distribute the wealth of the community according to the individual's own estimate of what he wanted, Saint Simonists declared that each should receive according to the measure of his deserts. Desert was to be judged solely by the function which the man discharged, and all forms of inherited wealth were to be ruthlessly abolished. Saint Simonism, in fact, so far from asserting the complete equality of men, made rather for an aristocracy of merit and is, as will be seen, not far removed from the Collectivist ideal.

But while these two Frenchmen in the quiet seclusion of their studies were building their quaint castles in the air, there was born a man of different genius and of other race. Karl Marx, the young German Socialist, was a curious mixture of philosopher and prophet ; with a scientific thoroughness and astounding breadth of vision, he took a wide historical view of the State's development, by which he linked up the Socialist future with the Capitalist present ; Socialism, in short, was not for him a subject for vague speculation or philanthropic experiment ; it was an essential and inevitable phase in which the economic evolution of Society must one day culminate. In his master-work, *Das Kapital*, he showed how the wealth of industrial magnates, gathering as it went, both strength and size like some vast snowball, was destined to crush the working class beneath its weight, how, as the rich became momentarily richer, the poor became proportionately poorer ; and how, one fine day when the position should become intolerable, the masses would arise with one accord and set the world to rights.

Marx's forecast has been demonstrably untrue to fact ; even if the rich have become richer the poor have certainly not become poorer. But (whether his theories are false or true) Marx does not stand or fall a philosopher alone ; for he was also a leader of men. Though he professed to be no revolutionary firebrand, he set himself to awaken the working classes to a consciousness of their plight. Driven out from Germany an exile (for he took part in the Revolution of '48) he carried the message of class warfare to Paris and to London. From here he issued his famous summons to the world, " Workers of all lands, unite ! " and his enthusiasm bore fruit in the foundation of the International Working-men's Association. The " International " is a league wherein all differences of creed or country are sunk in the common fight against oppression. So, by a curious irony of fate, it was a German who first established the one outward and visible expression of the universal brotherhood of man. This is Marx's chief claim to greatness. His name and theory became words for Socialists to conjure with ; and he gave to Socialistic agitation an impetus and a solidarity which have made it a living force in Europe, and which in our own day has been reborn in the proposal for a Socialist conference at Stockholm.

It was not, however, till Marx himself died and had been buried in Highgate cemetery, that the fruits of his work began to be plainly visible in England. In the thirties it is true, Chartism had made its protest against industrial tyranny, and had even formulated a remedy in its democratic " Charter." About the same time Robert Owen had thrown out an ideal and had made experiments in his own Lanark Mills. Then in the early eighties the revelations of Henry George in his " Progress and Poverty " shocked men into action, and set them thinking over his violent

denunciations of Rent as the root of every evil. Soon after Mr. Hyndman and certain disciples of Marx formed in London the Social Democratic Federation. From these a small band broke off calling itself the Socialist League and counting among its members William Morris, who to the consternation of his artistic friends took to attending Socialist Clubs and even addressing crowds at the street corners. Thus the English movement was definitely launched; its subsequent development has been a curious and characteristic blend of high souled idealism (less visionary than the French) and political agitation (more practical than Marx). On the one hand, we have had the Fabian Society, seeking by pamphlets and debates to educate the public mind in the science of economic health; while the Independent Labour Party, with a leg as it were on both stools, strives to uphold in Parliament the pure flame of Socialistic theory. On the other hand, we have the Labour Party proper, an unholy alliance, as some think, between philosophic Socialism and militant Trades Unionism, but an alliance which has at least succeeded in effecting many measures of practical reform. This has not been accomplished without some sacrifice of principle and some contamination with Liberal policies. But indeed, Socialism is so vague and many-sided an ideal that it may well be what you choose to make of it, according as you try to fix your eyes on the head hidden among the clouds or on the feet with which it still keeps touch with material earth. As expounded by the former Leader of the Labour Party, Mr. Ramsay Macdonald, it stands for every blessing, perfection, and privilege which this world has ever known or ever can know. It alone can bring perfect freedom to the individual; it alone can offer him such a form of private property as shall enable him to a true realisation of himself; it alone knows how to organise industry,

cultivate genius, encourage art. In a word Socialism is a sort of Paradise come to earth—a state of being fit only for a celestial choir of angels. Now we all want liberty, art, culture and efficiency; what we do not know is how to get them. The Higher Socialism may well be matter for pious aspiration; but it does not help us much in the serious discussion of present-day problems. At one point however Socialism has come forward with a practical suggestion. When at the Norwich Congress Mr. Keir Hardie proposed the nationalisation of “the whole means of production, distribution and exchange” he was in a strict sense talking as a Collectivist, but though this programme would satisfy but one side of the Socialist policy only, it is by so much the most tangible and practical side that it may rightly be regarded as the central plank in the Socialist platform. Here at any rate we are on solid ground.

(ii.)

When a man complains of the profit which a mine-owner makes out of his mine, it is plain that he may have two motives for annoyance. He may be grumbling because he is a miner and his wages are too low; or he may be grumbling because he is a householder and pays too much for coal. Socialism, the all embracing, will sympathise with both grievances; for it is concerned with the interests of miner and householder alike. Collectivism concerns itself entirely with the *latter*, with the consumer not with the producer. It purposes to take the mine from the Capitalist and entrust it to the keeping of the State. The State representing the citizens at large and responsible to the whole community, not to a single class, will study the public convenience, and furnish forth the coal for the consumer's benefit; and no doubt the consumer will benefit handsomely thereby. There

being no longer a mine-owner to take his toll of profit, the State can sell the coal at cost price ; or if it makes a profit on the business, the surplus can be turned to public advantage some other way. The whole scheme is delightfully simple. There can be no doubt that it would work ; it has already been applied to many branches of production. The Postal service is run by the State ; so is the Telephone ; and in France some portions of the Railway System. We can see the same principle at work on a small scale elsewhere ; in many towns the municipal authorities own and control the Gasworks, Electric Lighting, Tramways, and even the Milk supply. If we can nationalise the Railways, we can nationalise the Mines ; if the Mines, then the Land also ; and that done, it is an easy and tempting progress to the nationalisation of factories, shops, shipping, theatres, houses, in short everything. The State, emulating the comprehensive efficiency of some great store, will undertake to supply the citizen's every want, from the lease of a country mansion to the purchase of a twopenny toy. Nor will such a State neglect to round the system off by organising the life and habits of its members ; from compulsory insurance and compulsory education it will pass to compulsory temperance, compulsory work, and, as like as not, compulsory eugenics. For it is to the State's interest (that is the consumer's) to secure a healthy, industrious, temperate set of workers. Organisation is a passion which grows with habit. Once started the Collectivist State cannot easily draw back ; and it will not leave much to Providence or chance.

There is not space here to discuss at length the methods by which the State may displace the owners, nor to pass judgment upon the ethics of expropriation. First, there is the open method. It may take all at a blow by forthright confiscation ; or filch them by

the more insidious but equally obvious process of oppressive taxes. In either case it will take its stand upon the plea of the common good. That is the excuse which served to recommend the confiscation of the monasteries, and the disendowment of the Welsh Established Church. The State, Socialists say, is greater than the Individual, who owes everything he has to the state's bounty and protection. Therefore, say the Socialists, the State can do what it wills with its own. They will argue, for instance, that the high value of your land in Hampstead is derived from the presence of the people who rent it, and that therefore—a very singular contention—the People with a large P are entitled to annex your profits, because it is they have caused it and not you. It is on this somewhat dubious pretext that many are eager to-day to tax the landowner out of existence—but this is a flimsy subterfuge for evading moral issues. Such a plea is no better than the Spartan's who was wont to justify picking and stealing because he had previously invented an hypothesis that private property should not exist. But the state itself happens to depend upon a directly contrary hypothesis; namely, that individuals are bound to respect their neighbour's rights; and the state if it defies the moral law itself, will be cutting the ground from under its own feet. So in all likelihood it will prefer to adopt a show of legality and buy the private owners out. This is the scheme which now finds favour with the majority of modern Socialists. For precedent they are able to quote such a transaction as the buying out by Government of the Private Telephone Companies in 1907: and that the scheme would in its initial stages be workable enough, we need not doubt. The first step would be to find the money for the purchase. So large a sum could hardly be raised by ordinary taxation, but a public loan could easily be issued: and this would be done. As, how-

ever it is probable that the old proprietors, with the purchase money in their hands, would largely invest it in this loan, the net result would be that they would have exchanged their old holdings for Government stock ; and that instead of their large and perhaps precarious profits, they would now exact, as creditors of the nation, a fixed return of interest from the State. The second step would therefore be to relieve the exchequer of this incubus : a sinking fund would be formed out of annual revenue, whereby the loan might be paid off. So far, so good. This plan also would work smoothly enough at first : so long as the capitalist could find fresh uses for the money so refunded to him, he would have no just cause for complaint. But, if the State were able (a contingency we well may doubt) to extend this legitimate method of expropriation to *all* forms of property, then the game would be up, for in that case it must come to confiscation in the end. The private owner may be willing for a time to accept whatever price the State may offer, but only so long as he can find means to dispose of his capital elsewhere. Once he sees every channel of investment threatened, it will be futile to accept banknotes which he can turn to no new purpose. For though the sum which the state pays him money down, might well keep him in clover for his life-time, he will not be able to trade with it. Not only will he have lost his peculiar privilege of " profiteering," but he will not be able to increase his capital nor to bequeath any permanent subsistence to his children ; Capitalists, seeing the sources of their gains in jeopardy, will raise an outcry like the silversmiths of Ephesus ; and will oppose the further progress of reform with all their power. Voluntary sale will cease ; and their goods must needs be taken from them by force, as though from criminals. It is arguable, I suppose, that it is a crime against Society to be rich. At any rate it is easy for the Socialist to

say that Capitalists have done nothing to deserve their fortune. But it is hardly consistent to stop there; if Capitalists' brains are not deserving of reward, Socialists' brains are no more so. At this rate, there can be no reason under heaven why the Socialist State should distinguish between the services of its citizens, nor why it should pay its Prime Minister more highly than its sweeps. Let us forthwith institute the commune and have done with this talk of deserts and rewards; under that delightful system, everybody would presumably be happy, free to do what he likes, and to get what he wants, and there could be no reason thenceforward to grudge a neighbour any mortal thing—except his appetite.

It is usually considered bad ethics, to condone the immoral means in anticipation of the moral end. Yet we cannot ignore that in the larger movements of history this obnoxious principle has stood justified by its results. The overthrow of tyrants, and oligarchies, the emancipation of oppressed peoples, even the beneficent supremacy of great empires, these have not been accomplished without worse things than robbery. If Socialism can make good one half of the beautiful things that it promises, we might well be glad to draw a veil over its less lovely features. It is indeed an alluring picture, this state of co-operation and brotherly love. It has much to offer besides the abolition of Capitalists. At one stroke we should be rid not merely of profiteering, but of the competition itself and all its attendant curses, the whole meaningless struggle to outbid or undersell, the wasteful, ugly habit of advertisement, the frauds, and duplicity of commerce; and above all we should be rid of the unnecessary duplication of single functions. All this would disappear under the directions of a wise and centralised control. We should no longer have “twenty milk-carts rattling down the street where one

would do." Railway companies would not run their trains to miss a rival company's connections; nor would traders waste their energies to encompass the ruin of another firm. Already in the operation of the great trusts we can see something of the economy which unity of organisation could effect both in effort and expense.

But Socialism stands for much more than a good business proposition. Far more than mechanical efficiency, it counts upon a spiritual change. For co-operation brings out all that is best in man; set free from the demoralising pursuit of personal aggrandisement he would be uplifted by the conscious effort to serve the common good. Altruism and honest emulation would supplant the old jealousies; and where no bar of class or privilege survived, each would find a field open to his talents and a new happiness of self-realisation. It is not for nothing that many have seen in Socialism the true goal of Christianity.

Now we cannot pry into the future; shown such a picture of posterity we cannot point to this or that and say for certain "It will" or "it will not be so." Nevertheless taking human nature for what it is, we may safely cast a doubt on some details of the picture. For you may set the whole social fabric topsy-turvey, but man himself will not quickly change. He will still have appetites; he will still be found discontented with what he has and eager to get more. Therefore, since the socialistic state must still reward the services of its members, must still, that is, pay wages, unregenerate man will do his best to get the most he can out of the State. At first perhaps he will present his demands to the authorities, confident of receiving their indulgent sympathy. He will be rudely shocked. For the authorities, intent upon keeping prices low in the consumer's interest, will summarily dismiss his claims. So, *faute de mieux*, he must fall back on

his old methods and organise the strike. But here again he will be met and countered; the public will stand no tampering with its supplies; the government will be called upon to take strong measures, and the workman will be ordered back to work, censured for conspiracy against the common weal, and, if need be, penalised for his insubordination. The servant of the State cannot strike with any prospect of success; for the State is a mightier master than any capitalist yet born. This M. Briand proved when the railway men of France went on strike in recent years; he ordered a mobilisation of the army, commandeered their services as conscripts under military law; they dared not disobey under penalty of court-martial and the strike was broken. So too in the Belgian strike of 1902; in this case the bourgeois mobilised their civil forces, ran the necessary services of the community themselves, and showed the producers that their threat could be parried by the united efforts of the consumers. Far more powerful would be the control of a Socialist Government, with the whole force of law and constitution at its back. It may be of course that the State will be a more reasonable master than the employers were, and that the demands of the workers will in every case be granted (though that has not been the experience of public servants in the past, and even in our own Post Office there have been threats of strike), but that will avail nothing unless the demands of the workers are reasonable too; and what ground have we for assuming that they will be. Men will never be satisfied on this side of Doomsday; and it is far more probable that failing by this method, they will turn to another more effective and more insidious. Although they will have lost their power of industrial independence, at least they will not have lost their voter's privilege. As constituents, they can still bring pressure to bear upon their members and through them

upon the Government. In our own day such a thing is not unknown. In the Government dockyards workmen and groups of workmen have certainly had recourse to political jobbery in order to advance their interests. Under the Socialist state where every man and woman would be a public servant, the danger would be increased a thousand-fold. The largest group of industrials, were their claim to a hearing great or small, would hold a weapon of tremendous power over the heads of unwilling ministers. In the constituencies, seats would go to the man who bid highest in promises of support to local industries ; Parliament if not openly corrupted, would become the platform of industrial strife. Political jobbery and wire pulling would outdo the evils of industrial competition. Larger issues would be lost to sight, as already some of the younger states of the world, where Labour governments are in control, have learnt to their bitter cost.

That is one danger. which threatens Socialism's success ; but there is another to follow. When the direction of industry is taken out of the hands of private persons, it must be put into the hands of Government officials. Now Government offices may not be as black as they are sometimes painted. But it is clear enough that where not only every clerk, but even every head of a department is responsible to somebody above him, enterprise will be at a discount. The official cannot act without leave or upon his own initiative. Before he can travel forth along some new path, he must have his passport *viséd*. Checks and counter checks innumerable will be devised to regulate his actions ; rules and red tape bind him hand and foot, so that little by little he falls into a habit of routine and fulfils his duty by the filling up of forms. Fear of public displeasure too will daunt him in every project. The fatal error of the official is to be caught blundering. • He has little to gain and everything to

lose by taking risks. His strength like the strength of Egypt of old is to sit still. This tendency towards the stagnation of officialdom is strong; but fortunately it is not inevitable. We ourselves happen to be living in a progressive age; we have go-ahead ministers; the Government Departments have put their shoulders boldly to the wheel; and they will have much to show for their exertions. In Education, Labour control, Public Health, and what not, we shall likely enough see wide and beneficent reforms; for centralisation creates a motive power which private enterprise cannot command, just as one man at the helm can steer the ship more skilfully than the ill correlated efforts of a hundred oarsmen. So there can be little doubt that the state of the future will gather more and more threads into its own hands. Its ministers will wield a tremendous power for good, and so long as their enthusiasm is sustained and the crusading spirit is upon them, they will effect changes which, under the old system of *laissez faire*, we waited for in vain. But none the less behind the knight errant of state control, there sits the spectre of bureaucracy. As the field of action becomes wider and the touch of personal inspiration less vital and direct, then comes the chance for paralysis and stagnation to return. State management is by no means a sure passport to efficiency. In France the Chemin-de-fer de l'Oueste has been notoriously ill run; and municipal undertakings are not as a rule more successful than those managed by private enterprise. Trade conducted as one gigantic national concern would be a perilous adventure; and no prophecy can guarantee that the sources of enterprise and invention would not be sapped,—not altogether because Socialist man would lack the old stimulus of private property. It is clear, the Socialist would say, that already the vast majority of mankind do labour without the smallest prospect of owning anything.

As the supreme direction of commerce and production passes more and more into the hands of the few, the number of those who make direct profit out of their exertions is immeasurably diminished. Yet for all that bank directors, factory foremen, industrial managers, working for a fixed salary, are not less industrious than the shopkeeper or the independent trader whose incomes depend solely upon the success of their own exertions. Even waiters can be attentive without the expectation of a tip. Under Socialism, moreover, invention and enterprise might easily be encouraged by a suitable system of rewards ; and if the collectivist ideal were not too rigidly maintained, some scheme of profit sharing would not be difficult to introduce. But, apart from these incentives to good work, a high standard of industry must depend most of all upon a widespread sense of duty. That motive must supplant the lower motive of private gain ; without it Socialism is bound to fail. And indeed, if stagnation is to be avoided, it can be done upon one condition only—that the people as a whole, not merely its higher officials, preserve their vigour and manly independence. Countries get, as it is said, the Government that they deserve ; and the higher control will remain progressive, only if the nation itself remains alert, vigorous and ambitious—alert in the choice of its representatives, the control of their policy ; vigorous that it may infuse fresh blood into their ranks ; ambitious always to strike out fresh lines of action, and to improve upon their best. Now under the Socialist order of things, every man, woman and child will be a servant or dependant of the State. They will not all wear brass buttons and peaked caps ; but none the less they will look to the State as master and lean upon it for support. Not merely will the great captains of industry and trade have passed away ; but the personal independence of the middle class, the small shop-

keeper, the yeoman farmer, the professional man will have vanished with them. Those many millions, too, whose life is even now a life of dependency and service, will become more dependent and not less. To-day the men exercise some freedom at least in the choice of the trade they shall follow, the master they shall serve, and the age at which they shall retire. But, once caught in the vast organisation of a State intent upon turning its human material to the best advantage, they will find themselves mere ciphers in the hands of others. Marked out at school for the trade or profession to which their capacity best suits them, they will be drafted out by the centralised bureaux of employment, and set into their appointed place. The term of their working days will be fixed by a system of pensions and superannuation such as is now current in our civil services. I do not say that their lives will be less useful or less happy for all this ; but it is certain that their spirit cannot retain its old independence ; their individuality must suffer. Character is not to be manufactured by methods of compulsion. A man learns most and best not what he is made to do, but what he does of his free choice, from his blunders as well as from his successes. Take away his liberty, and he will never gain self-control. Deprive him of money and he will never learn to be honest ; forbid him to touch drink and he will never acquire the habit of true temperance. Wine, as the Spartans used to say, is the best schoolmaster. So with the strong wine of economic liberty.

And this is what the Socialist, in his hurry to reform mankind, too frequently forgets. Consider Lloyd George's Insurance Act and its effect upon the people. So long as membership to a Friendly Society was optional to a man, he was free to pay a subscription or not as he chose. Now he has no such choice ; but though we have forced him to save, we have not

taught him thrift ; for virtue is something more than the negative of vice. Or consider the case of compulsory education with its attendant schemes for public meals for the children. Excellent as these are, there can be no doubt that the parents lose the sense of their personal responsibility for the child. They tend to regard the child's upbringing as mainly the school-master's business and are ready to wash their hands of the nuisance. There is no question here concerning the benefit of these two measures ; but however beneficial and however necessary compulsion may be, it none the less has its dangerous side. It is true that by removing the weight of certain responsibilities from the individual's shoulders, the State can set him free for better and higher activities. By securing his health, his proper education, it enables him to lead a better and more useful life in other ways. That is a fair defence for compulsion ; but there must be a limit to the argument ; for as the Socialistic State, eager to see all its members behaving as they should, encroaches more and more upon the various sides of the individual's life, it must by that very process turn him more and more into a machine, and once his sense of responsibility is gone, his power of initiative must surely follow.

It is the common error of reformers to imagine that the shortest road is always the best way home ; and the Socialist has forgotten that it is the seed which matures most slowly, that yields the richest harvest. His state would, it is clear, bear early and abundant fruit. Its efficiency would be beyond question ; but even efficiency may prove rotten at the core. The German people have organised their country's wealth both human and material with unparalleled efficiency ; yet throughout the war the greater faculty of initiative, invention and resource has not been upon the German side. It may well be doubted whether in the long run

they would even have out-stripped their rivals in the field of trade and manufactures. But even had they done so, such a victory would have been purchased at too great a cost. There are things in life of higher value than material prosperity; and the man or nation that sets success before conscience, and efficiency above character, is signing the fatal compact of Faustus.

Socialism may fairly claim that by its democratic institutions it would avoid the grosser errors of the Germans; but just because it could never be content to leave the individual to himself that he might learn by his blunders and misfortunes the very lessons which life is meant to teach him, it is certain that Socialism could never raise him to the level to which he is meant to rise. The spirit of service and self-sacrifice which Socialism upholds, is a fine and noble ideal; but the service and the sacrifice must come from within a man's own self. For no political system can make human beings good or happy; that they can only accomplish for themselves; and before they can accomplish it, they must have been educated to the part, learning in the hard school of experience, and exercising their own liberty of choice. And on the day when the lesson shall have been learnt, there will be no need for Socialism any more; the millenium will have arrived.

NOTE ON CO-OPERATIVE SOCIETIES OF CONSUMERS.

It would not be right to close this chapter without making some reference to the great practical experiment in Socialistic methods which has been conducted by the Co-operative Societies of Consumers. Though due to the private enterprise of individuals, and being

therefore in no sense a preliminary instalment of State Socialism, this organisation is nevertheless in essence Socialistic and not Syndicalist: for, as its name implies, it is designed first and foremost to promote the interest of the consumer rather than the producer: and for this reason it is to be distinguished from the parallel movement known as co-operation of producers, with which it is frequently coupled.

The method of these Societies will perhaps be best understood by looking back to their prototype and model, the Society of the Rochdale Co-operators, which not only gave the earliest impulse to the movement, but also laid down in its main outline the policy that has been followed ever since. In the year 1844, twenty-eight Rochdale weavers clubbed together to form a Co-operative Store. Each saved the modest sum of twenty shillings and upon this tiny capital the store was opened. The advantage at which the weavers aimed was nothing less than the elimination of the professional retailer and the diversion of the professional retailer's profits into the pockets of the members. Goods were bought, and were sold to members across the counter (one of the weavers himself acting as salesman in the first instance) not at cost price, but at the rates then prevailing in the neighbourhood. The surplus profits of the business were then reckoned up and at fixed intervals distributed among the members *each receiving in proportion to the purchases that he had made*. This important and novel principle proved then and has proved ever since so effective a means of inducing members to do a maximum amount of business at the store, that it has been generally adopted by the numerous Societies which have followed the lead of the Rochdale pioneers. For the idea took strong hold on the working classes. By 1904, there were nearly fifteen hundred societies in existence. Over two million members were subscribing

their savings to the capitalisation of these concerns, the working funds of which then ran to thirty millions, the annual turn-over to sixty million pounds. The movement is growing still: and in the first decade of this century alone, the membership increased by one half. It draws its adherents chiefly from among the better paid workers: for the very poor have no money to invest; the rich prefer other channels for investment. Its activities which were at first confined to the retail trade only, have gradually been enlarged. The first step was a very natural extension to the wholesale trade. To this the Societies were in a manner forced, partly because the various stores were found to be buying against one another in the wholesale market, partly because the independent retailers, jealous of their too successful rivals, were trying to press the wholesale merchants to a boycott. The upshot was that in 1864, the Co-operative Wholesale Society was founded: to be followed a few years later by the establishment of a similar society in Scotland. But this step soon led to another. Independent as they now might be of the wholesale merchant, the societies were still at the mercy of the manufacturer, and, gradually, they awoke to the obvious advantages of manufacturing for themselves. Production was not indeed a complete novelty in the history of the movement: and in quite early days we find the Co-operatives in possession of a flour-mill. But once it was undertaken in real earnest, their productive enterprise grew apace. Fruit farms, dairies, coal-mines, and even tropical plantations were acquired. Factories were started for the manufacture of clothing, boots, soap, saddlery, and furniture. Not even transport was neglected, and in due course a line of co-operative steamers began to ply between English and continental ports. In short, the whole process of production, from mine or field

right up to the store counter has been brought step by step within the scope of co-operative enterprise.

In many cases, it is true, actual achievement has been small: and some have even written down co-operative production as a failure: but at least it points the way towards greater things. It has proved that the working-class consumer can, by combination, dispense with the services of the capitalist and organise for himself the supply of his own chief wants. A movement so prosperous and ambitious cannot stand still: it is already a power in the land to which the passage of each year brings fresh addition of strength. Recently it has entered the field of politics: its candidates are preparing to stand at the next parliamentary election: and its alliance with the Labour Party itself gives a clear indication of its future policy. But, wonderful progress as the movement has now made in the seventy years of its life, we can scarcely gauge its true potentialities except by examining more closely its natural scope and limitations—and to these we must now pass.

First, then, of its achievement. To the working class consumer threatened by the tyranny of the capitalist profiteer, co-operation has proved a veritable bulwark of defence. By offering a strong incentive to economy and by opening an easy channel for investment, it has given him the opportunity (hitherto but rare) of controlling in part at least the apparatus of production and supply. But it does more than this: to combat the forces of Capitalism without, would be small gain if the self-same forces were allowed to gain a foothold within the societies themselves. This however the very form of their constitution effectually prevents. When every member is on a footing of equality, when one pound invested in the Society's funds carries the same authority as a thousand, where "one shareholder, one vote" is the democratic prin-

ciple of co-operative control, it is clear that no single shareholder can gain a predominant position over his fellows. There can be no magnates of co-operative finance. Thus there would seem to be a real truth in the societies' claim that they have exorcised within themselves the hated spirit of commercialism. Competition between member and member, or between store and store becomes altogether meaningless, when "profits" are distributed, not in proportion to each member's capital, but in proportion to the purchases that each member makes.* Best of all, this beneficent change has been accomplished, not (as under socialism) by a universal system of compulsion, but by the spontaneous act of individual men and women. The Co-operative Movement works through no paternal discipline of State: rather it is of itself a liberal education in economic freedom, an opportunity for the personal exercise of economic wisdom, and a stimulus to the virtues of independence and self-help.

Yet against this special excellence of the co-operative scheme must be set its one fundamental weakness. For, while, like Socialism, it sets out to solve the great economic problem of the day, it cannot, like Socialism, pretend to offer a complete solution, simply because it can never hope to cover the whole field of economic life. That problem it approaches, as we have seen, from one side only, the side of the working-class consumer. His conscious and immediate wants it attempts to satisfy and may succeed in satisfying: but with production other than that which satisfies those needs, it is not interested. When, however, we come to consider our own national industries, it will at once be seen that they are by no means confined to this narrow field. Our workshops and factories are engaged in turning out cantilever bridges and trans-

* Invested capital receives, it is true, a regular dividend; but this at no more than a standard rate of four or five per cent.

atlantic liners as well as handkerchiefs and tea-pots. An enormous quantity of our out-put is destined for exportation: much of it consists of articles which are of no use whatever to the poor. Co-operative societies could not well undertake to supply the Admiralty with coal: they could hardly engage upon a contract for building a railway in Peru. Hence it seems clear that they can never capture many of our largest and most prosperous industries. Let us admit that one day the class from which their members are drawn may to a large extent become economically self-contained: that is to say, the large number of the population may stand, as it were, apart producing by themselves and for themselves the chief necessities of life, consuming the products of co-operative farms, wearing clothes woven on co-operative looms, and using articles of furniture produced in co-operative shops. But there the natural function of the Societies must cease. They cannot oust the private capitalist from his control of other industries. Working side by side with him, and often in competition with him, they may indeed hold their own and serve their appointed end: but the main economic fabric of society will not be radically changed, because a part of it is organised on a popular basis and pays dividends in a peculiar fashion. The societies will remain, as Lord Rosebery said of them, a State within the State, a co-operative island in a Capitalist sea.*

Before, however, even such limited success can be attained, the problems and difficulties which must be faced and overcome are numerous enough. Two in particular seem to call for mention here: and both concern co-operation upon its productive side. The first has

* In the report of the Fabian Research Committee it is estimated that, given the widest possible extension of co-operative business, it might eventually cover one-fifth but no more than one-fifth of the total national production.

to do with its relation to the rival agents of production ; for with these, until they have established a monopoly, the societies must in very self-defence compete. Now as, we have seen, they are not primarily money-making concerns : and for this reason they lack the incentive which stimulates the energy and imagination of the private capitalist or trader. He, for his part, is ever on the alert to find a new market for his goods, and to adapt his production to some change of taste and fashion. In other words, he tries to create demand ; the co-operatives follow it. His object is to discover fresh needs : theirs to supply the needs they see. Hence co-operative production is apt to be too cautious and conservative. The very security of its market is a discouragement to bold initiative : and so there is a real danger that co-operative industry will lag behind, content to employ old-fashioned easy-going methods, and to supply goods inferior in quality to the goods of its capitalist rivals. If that prove to be the case, success will be long in coming : perhaps will never come at all, and the first problem therefore is briefly this : can the standard of co-operative production be kept high, and at the same time the standard of co-operative ideals not be lowered, or must the bare fact of external competition involve some concession to the spirit of commercialism ?

The second problem springs in part from the first : for closely connected with their relation to competitors is the Societies' relation to their own employees. Amongst the many methods whereby the private capitalist is enabled to over-reach or outstrip his rivals, not the least fruitful is the employment of cheap labour : and it is clear that if by paying low wages he can produce his goods at a lower price than the co-operatives, they will once again be placed in a dilemma. They can hardly hope to extend their market, so long as their goods are dear in comparison

with his : yet the democratic principles for which they stand forbid that they should offer to others a wage which would not satisfy themselves. This problem is one which admits of no evasion : for with the increasing growth of co-operative production it is likely to become more acute, not less. Hitherto, it is true, the difficulty has been tided over. Employing though they do some hundred thousand hands, the Societies have nevertheless been able to give them generous treatment ; and the wages they offer compare favourably with the wages paid by their capitalist rivals. On the other hand we must remember that the great majority of their employees are women and girls, who have as yet developed no strong organisation of defence nor corporate feeling of injustice : and we may be sure that as the industrial enterprise of the societies expands, it will be less easy for them to satisfy the claims of their employees than it has been in the past. At a time when the workers are demanding a larger and larger share in the profits of production, it is unlikely that they will make any exception in the co-operatives' favour. If their demand on capital is just, it matters little to whom that capital belongs : and whatever is extorted from the private capitalist, will be required of co-operative capital also.

This question is, of course, no new one and it has long exercised the minds of the co-operatives themselves. Their former coolness towards the Trades Unions arose mainly from this cause. They have even experienced strikes and labour troubles in their own factories and shops : and even with the Trades Unions as their allies the question can hardly as yet be considered closed. Various expedients have been devised to meet it. The plan of admitting the employees to some share of the control has been considered only to be rejected. The Scottish societies have tried to solve the difficulty by admitting them to a participation of

the profits. But such a concession is not merely at variance with the co-operative view of profits, but is also open to just the same objections as when it is made by the capitalist employer. The fact is that so far from solving the problem of industrial profits, Co-operation has merely carried it one step further back. When the issue ceases to lie between master and man, it is revived again between producer and consumer. Between the interests of these two, there must be conflict, so long as there is also division of labour or a system of exchange. It is the fundamental antagonism of economic life: and reconciliation can come in two ways and two ways only. One is by the adoption of State Socialism, that is, by force. The other is by a voluntary and universal recognition of the economic brotherhood of man.

Now it is for the latter ideal that Co-operation above all stands: and in its loyalty thereto must lie its ultimate chances of success. For while it can never hope to conquer capitalism by capitalist methods, it may yet win the world by converting it. The two problems of which we have spoken, will be solved, if they are to be solved at all, by maintaining co-operative idealism, not by debasing it. The solution of the first must come by offering the best possible value to the purchaser of goods; the solution of the second by offering the fairest possible wage to the employee. In preferring fair prices before large profits, in setting commercial honesty above the capture of markets, in upholding standards of good workmanship, and in rejecting all that is shoddy and unsound, the Co-operative societies may set a pattern to the world; and notwithstanding that progress may be slow, it will none the less be sure: for such methods bring their own reward. So too, by resolutely insisting on an equitable wage-scale, without undue regard for profits on the one hand, or undue leniency to the workers on

the other, they may do much to settle the old quarrel between employers and employed. For they will teach a practical lesson to both parties : it will become clear to the employer that what the Co-operatives can afford to pay, must also be possible for him : and from the Co-operatives' experience the employed will learn what wages are possible and what are not. Finally and above all, there is much virtue even in a name. So long as competition was the catchword of the day, it is little wonder that men even thought it a duty to outbid or undersell a rival. But once the idea is spread abroad, that co-operation can succeed where competition has failed, then surely we may hope to see the jealousies, suspicions and injustices of the past yield place to a new and generous spirit of good fellow-fellowship and trust.

CHAPTER XIV

FALSE SOCIALISM OR THE SERVILE STATE

(i.)

It is the one great merit of the Socialistic method that it is constitutional. For though its end is revolutionary, the means to that end are not. Socialism does not run counter to the principles of democracy ; it does not seek to flout the supreme authority of the State but rather to reinforce it. Its battles will be fought out, not at the barricades, but across the benches of the House of Commons. In other words, socialism could only be established by the express will of the people and through the votes of its elected leaders. Yet just because the socialist movement is a political movement, pursuing its aims through constitutional courses, it is for this very reason exposed to a peculiar danger. Democracy is a sea of shifting tides and many incalculable currents, and the strong flow of the people's will may often be stemmed, or, if not stemmed, diverted into unexpected channels. Parliament's policy is influenced by much else besides the ballot-box. All manner of interests are reflected in its changing counsels and of these interests Labour is by no means the strongest or most united ; still less is it the most skilful or experienced in the game of political tactics. So the very methods by which Labour feels its way towards the socialistic system, may be used by others to thwart its purpose and render its seeming victories innocuous.

If, as we often boast, England is in truth a democratic country, there was never surely a democracy in which

the authority of wealth and privilege were allowed to survive so long, so openly or so effectually. After two Reform Bills, the introduction of the secret ballot, and the diminished power of the House of Peers, the country has continued to accept the rule of a "governing class." Two thirds at least of its parliamentary representatives are still drawn from the ranks of the gentry, men bred in the traditions and prejudices of their station, and educated in those twin strongholds of aristocratic privilege, the Universities and the Public Schools. In the atmosphere of a House thus constituted, the Labour Party has struggled almost in vain to keep its head clear; and in the course of time has become half assimilated to it. Some of its members rose indeed to office; but even men like John Burns, seemed susceptible to the influences of departmental tradition; and before long, many declared that he had turned Tory in his old age. So it may fairly be said that before the war no authentic spokesman of the people had as yet attained to a predominant political position. Meanwhile, wealth had rapidly been gaining an even stronger purchase upon the reins of power. How deep or how far reaching was its influence, only the politicians could tell. But the strength of vested interests was frequently sufficient to defeat reform; and it was the common complaint of Labour that when Government intervened upon industrial disputes, it too often ranged itself openly upon the side of the employer. The advent of the war bringing as it did vast increase of wealth to those who were already rich, making them, through the medium of repeated loans the giant creditors of the nation, and serving at the same time to break up the organised strength of the Trades' Unions and to compel the suspension of industrial strife—the war, I say, though it has also at the same time let loose the flood of revolutionary passions, cannot but have added to the power of

wealth. With the coming of peace, the capitalist will be found doubly armed against his adversary the working-man. Not only can he fight him—as well perhaps as ever—upon the old industrial battle-ground ; but like a skilful strategist he may strike in another quarter, and while yet the ranks of Labour are dis-integrated and the reorganisation of industry is taking place, he may mobilise even more powerful forces and ambush the enemy upon the field of politics. For politics will play no small part in the re-shaping of industry. Already the war has led to the concentration of immense powers in the hands of our statesmen and officials. It has brought about the temporary nationalisation of mines and railways. It has given us a public Ministry of Agriculture and Shipping and Food. There is scarcely a department of the national life which has been left untouched by State control. And the return of peace, so far from loosening the bonds, may well serve to draw them tighter. The Government which handles the demobilisation of the army, will exercise wide powers over the redistribution of labour and the new conditions of employment, and such an opportunity for central organisation it could not, if it would, refuse. The economic situation will not allow of such a course. Food will be scarce and famine perhaps perilously near. Raw materials will be scarcer and industry sorely crippled by its lengthy dislocation. Private capital will be exhausted by the exigencies of war finance, and helpless to meet the coming struggle for the world's markets. The crisis (for it will be no less) will call for measures even more autocratic and comprehensive than we have yet witnessed ; and for the time being the Cabinet may be compelled to take the whole business of production and supply under its own control. Here then is the Socialist's opportunity ; these sweeping, though temporary, expedients surpass his wildest hopes ;

and he may well see in them a stepping stone to a full and permanent execution of his programme. Yet while he is rejoicing over the triumph of the cause, let him beware lest he shall have played into the capitalists' hands and lest his be but a hollow victory after all. The lessons of history are plain ; nations have before now won comfort and security by bartering away their independence ; and into the same fatal error, Labour too may easily fall. That in the next few years the working-man will obtain manifold concessions in higher wages, more tolerable conditions and better organisation against unemployment, this is not to be doubted. But if when he accepts these bounties from the State he accepts them upon terms which curtail his liberty of action, his freedom of contract and his power to fight, then he will have been out-manœuvred ; he will have lost the campaign.

(ii.)

For the reforms which seem to lead along the road to Socialism, may in reality lead us unsuspecting to a very different goal. That goal is the Servile State. The phrase and the political theory which it covers, are alike Mr. Belloc's ; the Servile State is in fact the peculiar bogey of his own invention. It is defined by him as "a condition of society wherein one class of the people is constrained by positive law to labour for the advantage of another class." The mark and sign of the Servile State is a legislation which discriminates between two classes, the Capitalist class and the Proletarian class, and which imposes certain definite obligations upon the latter, as proletarian, and because it is proletarian, and accepted by them in consideration of specific concessions whereby a decent standard of comfort and security is guaranteed to them. The Servile State is in short a compromise, through which

Labour's title to receive a fair wage, and Capital's right to compel work in return, are alike *ratified by law*.

Now it is of the nature of all bounties and concessions that they should carry with them a corresponding obligation on the part of the recipient. If I accept a favour from a friend, I am morally bound to do him some favour in return. So when the Lady Bountiful of fifty years ago provided her tenants with woollen goods at Christmas time or soup when they were ill, she expected that they on their part should "look up" to her, should behave in such and such a manner when they met her on the road, and in general should recognise their status as inferior beings. All this was doubtless very proper and, so long as the obligation remained a sentimental and personal concern, quite harmless. But when the obligation becomes impersonal or absolute and is exalted to the rank of a theory, the case is different. To-day charity has ceased to be a virtue and has become a science. The poor man is no longer an object for benevolence and almsgiving; but for investigation, for supervision, and, if need be, for disciplinary treatment. His state of necessity is held to give his benefactors the right to dictate humiliating terms; and his submission to various inquisitions and restrictions is a primary condition of relief. The Charitable Body of to-day very naturally insists that no help shall be given to any man whose past, present and future conduct does not conform to its own standards of right behaviour; nor would there be much harm in this perfectly just procedure, were it not that consciously or unconsciously the benefactors of the poor have been betrayed thereby into a fixed and settled habit of mind. They come to regard the poor not as ordinary members of the community but as a class apart which, being proved incapable of ordering its own affairs, is in need of external direction and assistance. "If the poor will

not work," says the charitable body, "they must be compelled; if they will not save, we must make them; if they will not keep their houses clean and healthy, we must pass a law to ensure that the kitchen window is kept open and the kitchen floor scrubbed out at least once in a week." The benefactor moreover belonging, as he usually does, to a class which is capable of ordering its own affairs, concerns himself solely with the poor. For him the rich are above the law; and if for example some improvident gardener being dismissed from my Lady Bountiful's service, should fail to find another post, should get into debt, pay no rent, and be driven to apply to charity for aid, the Charitable Body will thoroughly investigate his case. The Lady Bountiful will be consulted, and if that ugly show of temper in which the man indulged can be shown to have been an abnormal aberration, something may be done to find him fresh employment. The curious coincidence that my lady has dismissed three gardeners in a fortnight does not interest or concern the Charitable Body in the least. Their duty in such a case is to mind their own business—and the business of the poor.

In what light the poor themselves regard these well-meaning efforts, and whether they accept them with a good grace or an ill, does not concern us here. The point to be noted is this, that the poor are now held in theory to be a separate class, possessing a different status and requiring a different treatment from the rest of the community. Such a theory, if accepted by the poor, may accustom them to a tame submission and to the further acceptance of whatever is put upon them. But it might even so be regarded as a harmless and genial foible of the rich, were it not that the State itself appeared to countenance the theory. For Parliament, intent upon improving the conditions of the poor, has been not a little influenced by energetic theorists. Laws have in fact been passed which not only dis-

criminate between the classes, but which even appear to legitimise the difference of class status. Now there are many laws, it is true, which of their very nature must apply to some sections of the community and not to others; there must be laws which regulate the acts of milkmen (in respect of watering their milk) or of the clergy (in respect of the ritual they shall observe). But the type of legislation with which we are concerned, goes differently to work. It says in effect to the citizens, "I recognise that there are among you two classes, employers and employed. These two classes moreover bear in their life and work certain mutual relations towards each other. These relations I shall make it my business to control, regulate and adjust. Your business as citizens is to accept the classification and to behave accordingly. You who are employers shall behave in such and such a manner to those in your employ; I will draw up rules for your direction. You, the employed, shall receive a separate code of duties, differing from those of your employer, and made to suit you because you are employed. It will be greatly to your interest to observe them." Now legislation of this sort has become of late years increasingly common. Let us take an obvious instance, the Act concerning Employers' Liability. Under this law the Employer's obligation is alone concerned. If any accident or damage, whether due to carelessness or misadventure, should befall a man working in his employ, then he, the employer, must compensate that workman in such a manner as the State directs. The workman himself has no corresponding duty. Under the Insurance Act however, the duties of both parties are defined. The employer's duty is to put by a weekly sum for the purchase of a Government stamp; the workman is to do the same; and out of their combined payments, together with some addition from the taxes, the workman is provided with drugs and medical advice. In

the case of either law, the State has definitely accepted the theory of class status, and has legitimised it by a differentiation of class duties. In either case, the working man, because he is a working man, is entitled to make certain specific claims on his employer. It should be noted, however, that though equally engaged upon an act of service to another man, a member of the employer class, because he is a member of the employer class is entitled to make no such claim. "If," as Mr. Belloc puts it, "I contract to write for a publisher a complete History of the County of Rutland, and, in the pursuit of that task, while examining some object of historical interest, fall down a pit, I should not be able to recover against the publisher. But, if I dress in mean clothes, and the same publisher, deceived, gives me a month's work at cleaning out his ornamental water, and I am wounded in that occupation by a fierce fish, he will be mulcted to my advantage and that roundly." Here then, albeit under a new form and with a somewhat different bias, is that old familiar travesty of social justice, one law for the rich and another for the poor.

But, though at first sight this type of legislation appears to proceed from a socialistic bias, and to favour the poor at the expense of the rich, it may in the last resort produce the very opposite result. For the legislator has not yet fully disclosed his hand. Having firmly established the principle of such legislation, having drawn a firm line between the classes, and by such baits as he can offer having enticed the working class to an acceptance of their status, suppose that he should turn to them and say, "It has been my habit for some years past to regulate the conditions of your labour. I have seen to it that you shall obtain adequate redress for whatever injury or damage you sustain in the performance of your work. I have also thought fit to direct you concerning the duties of your

station ; in return for a trifling though compulsory payment, you have received the attendance of my doctors. In all this I have required more at the hands of your employers than at yours, and they have not failed me. It is your turn now, I propose that you shall work for the said employers in perpetuity, without liberty of contract and at such a wage as I shall hereinafter fix. Such an arrangement I need hardly say will greatly ease the organisation of our national industries and secure our regular out-put of production against all vexatious and needless interruption." No legislator, of course, would ever put the case in such blunt words as these. But it is not difficult to foresee how he may proceed to the same end. First, he enforces amid the acclamations of the poor, the payment of a standard minimum wage ; so far good ; if the employers grumble, no matter. Next, this will very naturally be followed by a general scheme of compulsory insurance, whereby a man out of employment will find himself supported by the State (largely perhaps at the employer's expense). Good also ; the poor man is now secure against every accident of fate. Presently, however, it comes to light that there are certain indolent persons who finding the Unemployment Benefit sufficient for the support of life (for in justice to the honest worker it could hardly be less) are beginning to show a sad distaste for work, and are none too eager in their attempts to find a job. This condition of affairs our legislator can scarcely tolerate. Wastrels cannot be supported out of the public funds ; and there is but one remedy. These men who will not work must be compelled.* If they refuse to engage themselves to an employer they must be put under official supervision, and sent to a Labour Colony or whatever it be called. This place of detention will

* To withhold the payment of the Unemployment Benefit would be compulsion of a more subtle sort, but not differing in principle.

also meet the case of those who from physical weakness or deficient intellect may be counted as unemployable ; that is to say, constitutionally incapable to render such amount of service to a master as a master would hold to be an adequate return for the wage prescribed by law. Our legislator might now pause from his labours. Industry is settled upon so firm a basis that nothing short of a rebellion of the workers could upset his masterly edifice.

Such, according to Mr. Belloc, are the logical antecedents of the Servile State. They may proceed from the motives of high minded men who are eager to do the poor a service. They may even be welcomed by the poor themselves, preferring security of work and a life of decent comfort (for such at least the Servile State would offer them) rather than the precarious advantages of industrial independence. But so surely as every favour is balanced by a corresponding obligation and every right by a duty, there can never be true liberty for those who lean too much upon the bounty of the State. Like Esau, they would have bartered away their birthright for a mess of not unpalatable pottage.

(iii.)

Thus comes the chance for the Capitalist who is hard pressed by Socialism, but not beaten, to snatch victory from defeat. The very weapons with which Labour comes armed against him, he may turn against itself. If Labour can initiate legislation, so can he. And under the appearance of yielding to the Socialists he may induce them to play into his hands. For though here and there he must yield a little ground or make perhaps even considerable concessions, yet he would be repaid ten fold for what he lost. Under the Servile State (could he but bring it into being) he would be

no longer a bargain driver haggling and manœuvring with Labour, but master absolute. Instead of a rebellious, half tamed company of workers, eager to assert their independence, for ever demanding higher wages, calling strikes and quarrelling with the discipline of the work shops, he would now command an army of docile and contented helots. For whatever advantage of treatment or condition the workers would have gained, they would none the less be slaves, bound by the peculiarity of their status to a life of compulsory toil. Nor is such a conjunction of industrial servility and material well-being a mere fantasy of the theorist. Even in the civilisations of antiquity such a thing was known. At Athens where an aristocracy of free-men owed the ease and culture of their prosperous lives to a system of slave-labour, the slaves themselves were on the whole well fed, well used and tolerably content. The Servile State does not of necessity involve a proletariat so degraded as the serf labourers pictured by Mr. Wells in "When the Sleeper Wakes," a soulless mass of human mechanism dispossessed of all privileges and powers, and condemned to toil in a swarming metropolis of engine rooms and factories for the benefit of their Olympian despots of the upper air. On the contrary, the proletariat of the Servile State would find their happiness increasing rather than diminished. Accustomed by the slow degrees to the restrictive influences of servile legislation, they would lose their appetite for liberty and cease to recognise the change. Intent upon the flesh-pots of the present they would forget the lost privileges of the past, and would look back perhaps with pitying disdain to the unhappy epoch of King George the Fifth. For to the outward eye, at least, they would hardly be distinguishable from the more prosperous among the workers of to-day.

Such, it would seem, is Mr. Belloc's forecast of our

destiny. For while most Englishmen are slow to understand the deep and hidden issues of a struggle, he with that keen faculty of discernment which springs from his French blood and Latin sympathies, detects the shifting breeze in every straw and scents the coming change. So he sees much to which other folk are blind. For the Servile State does not come with observation, but by slow and almost imperceptible degrees ; so that until its evolution is completed, men might scarcely be aware of its existence. None the less, if Mr. Belloc read the signs of the times aright, England in 1914 was surely moving towards this fatal end. How we stand now and in what fashion our political development has been changed or arrested by the accidents of war, it is almost impossible to tell. The war has bred among the working population a new and revolutionary spirit, which aspires at most to dominate the State, and which claims at the very least to arrange the affairs of Labour in Labour's own way. The working Trades Unions are now no less suspicious of the State officials than they were of the employer. Not merely will they resist whatever attempts are made to coerce them into submission, but they will distrust all political interference, however honestly intended, in the reorganisation of industrial conditions. And along with their new consciousness of power have come new opportunities for exerting it.* Owing to the necessities of war practically the whole of organised or Trades Union Labour has become the servant of the State. Working as they do upon production which is essential to the continuation of hostilities, they have been in a position to levy a kind of blackmail upon the Government and to extort all manner of concessions. The income of this section of

* The following interpretation of contemporary conditions is based upon the articles contributed to the *Times* by a correspondent in September, 1917.

the community has already increased by upwards of two-thirds. Nor have they any intention of relinquishing what they have already won ; on the contrary their demands increase at every step. They now represent as it were, a nation within the nation, well organised, well paid and still dissatisfied. Over against this Labour " nation " there exists another, about its equivalent in numbers, not upon the average, possessed of larger incomes, and entirely lacking in its sense of unity and power of co-operation. The ranks of this other " nation " are composed of various elements, the employers (now themselves the servants of the State) the professional classes, the working men who are not organised, and the independent bourgeoisie. These elements are united only in their common loyalty to the State, and in a vague determination to preserve its authority against the tyrannical claims of the revolutionary faction. In other words, the old classification of Capital and Labour has ceased for the present to exist ; and the struggle lies now no longer between the employers and the employed, but between the close knit army of organised producers on the one hand and this heterogeneous medley of independent citizens on the other. Upon the issues of this struggle all hopes of an orderly and stable settlement depend. If Labour is reasonable, if it acts with restraint, and if it is content to trust its Parliamentary spokesmen and attain its ends by regular and constitutional methods, then it may shape its own destiny and win both security and comfort without sacrifice of its industrial liberty. If however, it presumes upon its monopoly and presses its demands too far, worse still, if it should appeal to force, establish mob rule and wrest all control of policy from the hands of its recognised leaders, then the consequences will be more doubtful and more perilous. For, when things have come to such a pass there can be no turning back. The strength of the

two "nations" must be put to a decisive test. Whether victory will lie with the Individualist section, rallying to the support of Government for the preservation of the State, or whether it may incline (for the time at least) to the forces of revolutionary Labour, we cannot tell.* But this much we may safely guess, that Labour having forfeited all claim to a liberty which it had so abused, could not be received again into State except upon most binding and perhaps humiliating terms. Defeated, it must submit to such conditions as would compel it for the future to the proper and orderly performance of its duties. Its old privilege of industrial independence would be abrogated; the strike perhaps forbidden; the terms and conditions of employment regulated by statutory law, and if behind the law stood Capital victorious and dominant, the sequel would not be in doubt; we should have the Servile State. Nor would it be the first time that revolution has been followed by like reaction and an excess of liberty has led to its opposite extreme.

* Perhaps it would be more honest to say that we think we can. All past experience of English character goes to prove that the revolutionary section would stand very little chance of even temporary success. It is not merely the Individualist section that would combine against it. Organised Labour itself would be utterly opposed to mob-rule such as we have seen in Russia. The authorised leaders of the Unions would resist anarchy with all their power and would even be prepared to take office to avert it. For this reason whether as an estimate of the present situation or as a forecast of the future, the thesis quoted above is probably erroneous. It assumes far too lightly that the Labour movement as a whole can be identified with the revolutionary parts of it. It may be true perhaps that in some cases its leaders are out of touch with the ambitions and ideas of the rank and file who thus get out of hand. They are often too old and their opinions out of date. But this is in fact due largely to the conservative instincts of the British working man, who will not willingly discard a trusted and well-tried representative, even when he is no longer a true leader in thought or action. But the very same instinct which produces this anomaly, will undoubtedly serve to check the more eager and unbalanced spirits who seek to take undue advantage of it.

CHAPTER XV

SYNDICALISM OLD AND NEW

(i.)

BUT how, if the decision should fall the other way? If Labour were victorious what use would it make of victory? Could the Unions hope to build up the industrial and political edifice afresh on the ruins of the Capitalist past? Are they ready to construct as well as to destroy? To these questions Syndicalism provides the answer.

When Syndicalism first emerged into English daylight, it came with an air of mystery and an obscure menace of revolutionary troubles. The respectable citizen, puzzled by its unfamiliar name and disturbed by the omens of the great railway strike in 1911, denounced it vaguely without being well aware what manner of thing it was. But fuller knowledge more than confirmed his fears. Syndicalism, as he saw it, possessed all the worst vices of Socialism, with none of its merits. That the control of Industry should pass into the keeping of the State, he had considered as hazardous, but not as an unthinkable proposition; but that the workers themselves should lay their untried hands upon that tremendous power, this seemed to strike at the very foundations of social stability; in the respectable citizen's eyes it meant the sure ruin of England. But if such doubts and fears were felt by the middle classes and even by the more conservative among the working men, the go-ahead Unionist did not share them. He was already tiring of Socialistic

propaganda, and disheartened by the slow progress of Socialistic policy, perhaps more than a little frightened too at the practical results of Socialistic legislation. He was beginning to realise that by embracing Socialism he would effect nothing but a change of masters, and that in the long run the little finger of the State might well prove thicker than the Capitalist's loins. The promise of Syndicalism offered a different and more tempting prospect. Once let its claims be carried into practice, and he would be beyond denial his own master. Give the workers the control of the workshops and they would achieve at a bound all the ends for which they had recently been fighting (for of late years it had been workshop conditions far more than wages which had been the point of issue with the masters). Last and not least, rid industry once and for ever of the Capitalist exploiter, and the whole profits of industry would henceforward go direct to the men whose labour had produced them. In the face of such proposals, it is small wonder that the respectable citizen felt nervous and perplexed.

Syndicalism was first born among the French. To that quick-witted high-spirited people, a theory approved is no longer a theory but a passion and an enthusiasm. So Syndicalism, like the democratic ideal of the Revolution, soon became the French working man's religion, to be preached and practised with fanatical devotion.* Once convinced that Labour's only hope lay in the Capitalist's destruction, the Syndicalists lost no time in declaring on all property and all masters a truceless and perpetual war. It is a war in which no concessions can be accepted as adequate, no promise considered to be final, in which no

* It must however be remembered that the organised labour of France is numerically weak. The membership of the Unions or Syndicats is little over one million as against four or more in England. After all France is still in the main an agricultural country.

weapons may be neglected which might ensure success, and no agreement kept when it is better broken. The campaign will be long and bitter ; but it will move, so Syndicalists declare, to a grand and victorious climax, in which by some vast revolutionary upheaval the powers of Capital will at last be vanquished and overthrown, and Labour emerge the lord and master of its own destiny. Then, all rights of ownership will be abolished, all property be vested in the great organised Unions of productive labour. This step appears to them both inevitable and right ; for, inasmuch as the eternal and fundamental necessity of life is to produce, nothing can in the long run withstand the producer's claim to manipulate the world. As for the State, the Syndicalist will find no further use for this meddlesome busy-body, which does but hamper the freedom of economic man with its outworn traditions and irrelevant side issues. Therefore, lest it should seek to interfere with the new born scheme of things, the State too, like the master, must be swept away. For Syndicalism (in its most violent form at least) rejects all ties of race, country or religion. It sees nothing in life but the struggle for bread, nothing in history but the ebb and flow of markets. It is as though the hands and the belly had conspired together to deny the existence of the head and heart.

Frenchmen will die for a theory ; but Englishmen have always regarded theories with cautious suspicion. Show them that a scheme will work and they may perhaps be brought to believe in it, but even so they will be slow to put it to the test of practice. Not that the English working man is lacking in idealism ; on the contrary it is his very idealism that saves him from being carried off his feet by a one-sided truth ; it tells him that economic man is not the whole man ; it tells him that bread and butter is not the sole end of life. The claims of nationality are binding on him yet ;

and even before he suffered the stern schooling of war, he had, as a rule, more sense than to deny them. So Syndicalism of the more fantastic and visionary type, which would sweep away national boundaries and destroy the authority of religion and of State, can never take root deeply here in England. Hot-headed enthusiasts may use its more exaggerated doctrines to foment disturbance and unrest ; it may suit agitators to represent the State as the Capitalist's friend and the working man's natural foe ; and for a while perhaps the masses may believe them. But the saner apostles of English Syndicalism are not deceived by such nonsense. They know well enough that the State in a democratic country is neither the friend nor the foe of the people ; for it is the people itself. So they see that Syndicalism too will need the State, and that if it seeks to destroy the constitutional fabric it will work sheer chaos. Without the mediating and restraining influence of centralised authority, the different groups of workers would speedily fall to quarrelling. The policy of one group would clash with the policy of another ; builders would turn against agriculturists and transport workers be the enemy of both. Divergent interests would drive them into bitter antagonism, and the strongest group would make of its monopoly an instrument for the tyrannical subjection of the rest. Orderly government is a necessary condition of economic prosperity no less than of political security. There must be supreme authority to consult for the general interest, and execute the general will ; and supreme authority is helpless without force to back it. If the State did not exist, Syndicalist society would be under compulsion to invent it.

According to our wiser Syndicalists therefore the State must be supreme, supreme not only to save the producers from suicidal competition, but also to watch over the consumer's interest. In other words it must

exercise a general control over production and to this end it will need wide powers. First, it must own the sources of production. If property is a crime against society, there can be no reason under heaven why the miners should possess the mines ; nor if they did, could anything prevent them from misusing their privilege. Half the industries of the country would be wholly at their mercy ; and their monopoly would be as dangerous and despotic as the power of some great Trust. Nationalisation therefore, must be the first condition of Syndicalist success. And secondly, the State must control the character of the output and its price. Obviously it is for the consumer to say both what he requires and how much he is prepared to pay for it ; and it will be the State's business as the consumer's representative (since all its citizens are consumers) to meet their wishes and arrange with the producers accordingly. Not that the interests of the latter will be overlooked. The producers are citizens also ; and the State will not demand impossibilities ; nor will it seek in regulating prices to rob the workman of his due. Payments will correspond with the value of service rendered ; in proportion as each Trade gives, in the same proportion it will also receive. But the reward of production will no longer be dependent on the accidents of supply and demand, nor vary with fluctuations of the market. Every service will have its settled price ; and the wage system as we know it will disappear altogether.

But having settled what goods shall be delivered and upon what terms, the State (so they say) must interfere no further. In what manner and under what conditions the goods shall be produced is the producer's business and may be left to the producer to control. The whole internal economy of industry therefore will remain in the hands of the Unions. Each Union, extended now to embrace an entire Trade (or even a

group of kindred Trades) will be master in its own house. In all matters of detail the members of the Union will have their say. They will elect stewards and foremen who will be responsible for the discipline of the workshop, and they will nominate the managers who will undertake the wider duties of supervision and control. They will have a deciding vote upon questions of promotion or admission or dismissal, as well as in the settlement of working hours, holidays, terms of apprenticeship and conditions of employment generally. Over matters of larger policy, where technical knowledge is required, the delegates of the various workshops will meet in consultation. These delegates will fix the scale of salaries and wages, whereby the profits of the business are fairly apportioned to different grades of workmen. They will employ the advice of experts in the choice of processes and machinery.* and lastly, they will act as a connecting link between the Union and the State. Thus organised each industry will become as it were a miniature republic, administered in ways of its own pleasure, and governed by officers of its own choice. Authority will be delegated from below, and not imposed from above. The producers will be the willing servants of the community, but not its slaves. In short, the true emancipation of Labour will be reached not through the numbing officialdom of State control, but through the living democracy of the workshop.

* The workers have not in the past shown themselves good judges of the value of invention. The fear is always present with them lest a new machine may set their skill at a discount and throw a proportion of them at least out of employment. But the consumer's interest does not allow of the retention of old-fashioned and un-economical processes. Therefore, as Mr. G. D. Coles suggests, the consumer must have a voice here; and the control of this department of industry might profitably be shared by the representatives of the State as well as of the Unions.

(ii.)

Such a scheme, blending as it were both Socialism and Syndicalism in one, is far more reasonable and far more practicable than the vague propositions of the French. It has been formulated and even sketched in detail by up-to-date economists, who, harking back to the history of the Middle Ages, would give to their great Industrial Unions the more familiar and national name of Guilds. It is an idle fancy to summon dead ghosts out of the past; and to recall historical precedents will not in reality help us much in the solution of modern difficulties. Nevertheless, though the actual mechanism of the mediæval guilds would scarcely fit into the framework of contemporary industry, yet there is much in this theory of Guild Socialism which would meet the needs of the working-man of to-day. For his present discontent arises from social as much as from economic causes. He is conscious now that, whatever his political status may be, he is still in some sense a slave. He retains his job or loses it at a master's pleasure; submits to the precarious justice of a foreman whom a master has appointed to order him about; toils at a task prescribed according to a master's methods and under a master's rules, and performed to swell withall the profits of a master's purse. Worse still, this master is a person he does not know, perhaps has never met; a vague invisible authority which controls its workmen, like so many marionettes, from behind the scenes. Often this master is not even one man, but many, a scattered company of shareholders who feel no interest in their employees' welfare and to whom their employees can make no direct appeal. And for these men he must perform a narrow round of exacting duties which offer little scope for independence or ambition. Such a system will not conquer the spirit of the more robust; but the weaker brother is

simply crushed by it ; in working hours he can scarcely call his soul his own ; and he feels (as one man himself expressed it) " like a rat in a trap." It is not surprising therefore that the average working-man regards his routine of labour as so much uncongenial drudgery. It is a good sign and not a bad sign that he is out of patience with his lot ; for his impatience springs from an inarticulate desire to find in his day's work some fuller realisation of himself, and to control by his own will and choice that which is after all the main business, and which ought to be the main interest of his life. Yet there is no royal road to industrial happiness ; and it would be idle to pretend that the path of Guild Socialism could all be smooth. Not even Labour would find it easy, for example, to serve two masters ; and between State and Guild disagreements would be certain to arise. Under any such system of dual control, there must be border line questions over which debate might lead to friction, friction to antagonism, and antagonism to a trial of strength. So, too, between the different Guilds there would still be room for jealousy and competition ; for even when the motive of profit making is done away, there remains many a possible bone of contention, apprentices to be selected ; sites of factories to be chosen, machinery to be procured. All this would call for much tact and statesmanlike restraint among the chosen leaders of the Guilds ; and of this they may easily fail. The history of their mediæval prototypes will hardly prove that such corporations must always of necessity possess the high disinterested souls which some would picture. Nor does the past history of Trades Unionism itself offer any sure guarantee of honourable and orderly behaviour. There are overmany blots upon that record, reminding us of pledges broken, contracts cancelled, and leaders' authority defied, of demands too often pressed without regard to public interest, or

sense of due proportion, of deliberate fomentation of class antagonism, and even of open contempt for all ties of nationality and all duties of citizenship. Yet does not the cause of all this lie, at bottom, in the long standing feud with the employer ? and if the cause were removed, may not we hope that a better spirit would prevail ? Even now there is a bright side as well as a dark to the Trades Union record. The English labourer can be generous to a fault, when his own people are concerned. He will "down tools" and accept the loss quite cheerfully in support of causes which (directly at least) are not his own. When fellow workers are on strike and starving, he has been known to send them food, and the self-imposed restrictions upon earnings are proof that in the policy of the Unions the interest of the weaker brethren is not forgotten. It will require no doubt many years of education and experience before the self-governing workshops can achieve complete success ; but where self government has already been attempted, the men have proved themselves good judges in the choice of officers. And, even if at times they have thrown their leaders over, they are not the only sinners, politicians have been known to do the same. In short, there is reason enough for confidence in the future of British Labour ; and it is after all a poor compliment to British character if the masses must be thought incapable of loyal obedience, or unfit to be entrusted with the use of power.

To withhold power from men for fear of its abuse is always the argument of the faint heart ; for only by the exercise of power can the proper use of it be learnt. Nobody can learn to swim who is not allowed to enter the water ; and Democracy in industry as in politics, must always be in some degree, a leap in the dark. So one day,—it may be soon or it may be late—the reward will be found worth the venture ; for the

reward is sure. Towards the formation of human character and the promotion of human happiness industrial democracy will do more than political democracy has ever done. The mere exercise of a vote in the choice of officers, the planning and discussion of the details of workshop policy would train men as nothing else could in true independence of judgment and true self-discipline of choice. The more too a man is free to govern and direct the circumstances under which he works, the greater will be his interest and satisfaction in that work. This sense of freedom was what gave to the Athenian and mediæval craftsmen their astonishing pride and pleasure in their work. It is often supposed, but quite wrongly so, that the Greeks despised all manual toil. - What, in reality, they hated, was to give out their services on hire, in a word, to turn themselves into wage-slaves. Free independent craftmanship, which left him free to work at his own time and in his own way, the Athenian honoured and practised with cheerful energy. Now it is true, under modern conditions, such complete independence is no longer possible. The work of our industries is highly organised and demands the strict co-operation of trained teams; its discipline leaves little room for individual liberties and whims. But, discipline, where it is the discipline of spontaneous choice, is often the making of a man. It was a volunteer in Kitchener's army who discovered that even military routine gave a fresh meaning to life, and that the individuality which is lost in a crowd may be found in a battalion. Even the monotony of such labour (and in the specialised processes of modern industry monotony can scarcely be avoided) might be mitigated by a sense of freedom; and, however toilsome a task may be, it is often to be redeemed by the spirit in which it is done. Work performed in a dull spirit of slavish drudgery can never be happy work; work given in the willing spirit

of spontaneous service is its own reward. The attitude of mind is more than half the battle; and nothing is more certain than that a system which works (as the present system does) against the grain of human nature, cannot endure for ever. So long as the employees feel that they are merely profitable tools in the employer's hands, there can be no final remedy for the prevailing discontent.

There remains perhaps a doubt, and a reasonable doubt, whether industry conducted on Syndicalist lines would be so successful or efficient as it is under Capitalist control. An autocracy can always accomplish much that democracies are helpless to attempt and Kaiserdom is a more powerful instrument of material success than a republic. And it must be the same with industry. It will be long for instance before the self-governing guild could bring the right men into positions of command and still longer before it could learn to render them implicit trust and loyal obedience. Nor could we expect from these elected leaders the enterprise, the initiative, the "push and go" which is thought to be the special virtue of the independent business magnate. A manager who is answerable to a jealous body of constituents cannot indulge in hazardous experiments or embark upon far reaching schemes on his own responsibility. So we cannot but question the power of Syndicalism to ensure economic prosperity: nor avoid altogether a fear lest it should turn the wheels of progress back. Yet to admit or rather to approve this doubt is simply to condone the false ideals of the past. It was the Manchester School who taught us to place our whole trust in individualist enterprise, and to pursue efficiency at whatever cost. Too often their efficiency meant nothing else but self-aggrandisement and their boasted enterprise the loss and ruin of other men. Much of their energy was directed to unworthy ends,

the defeat of a rival firm, the deception of a credulous public, or the exploitation of some tropical region which would have been better and happier if left untouched. Their philosophy was the philosophy of the old adage that "those should take who have the power and those should keep who can," and their economic policy was in essence the same as the political creed of the discredited Jingo. But just as Democracy has now repudiated the old methods of diplomacy, and the spirit of mutual tolerance and co-operation is, as we hope, to supersede the traditional selfishness of nations, so the ideals of business also may be changed. The morality of the counting house need not perpetuate the bankrupt morality of kings; and the days may yet come when the crude gospel of individualism will cease to be the unchallenged creed of commerce, and when to "make money" and to "get on" are no longer considered the sole criterion of success. Germany has taught us that efficiency does not of necessity mean virtue nor even happiness; and if we believe that through freedom men may come to lead more useful and more worthy lives, then all the mistakes and failures which freedom must bring with it need never shake our faith. Democracy may be unable to make good one half of all its promises; it may not spread peace and goodwill over the world; it may not bring the best brains to the front; it may not make everybody rich. But this much it can claim beyond all denial; that it offers to every individual what no other system can, the double opportunity of personal liberty and public service; in which combination is embraced the whole duty of man. At any rate we are pledged to democracy now, and it is too late to return upon our tracks. If in truth we are to distrust the people's right to manage their own affairs, then for three years we have been fighting on the wrong side. If freedom is a mistake and democracy a failure, the Germans

were right after all ; and the allied nations who have followed an illusion are of all men the most miserable.

Nevertheless, though Syndicalism is in one sense the natural and logical development of democratic principles as applied to industry, yet in another sense it may be found to violate something to which even the rights of the majority are not superior, I mean the rights of man. For while it offers much liberty with one hand, it takes away more with the other : it delivers the weak from the tyranny of the strong only to enthrall both strong and weak alike to the tyranny of a system. When Syndicalism claims to solve the industrial quarrel of modern times by removing the privilege of property from individual hands, it is destroying a liberty which has been perhaps more permanently and deeply rooted in our economic life than any other. Such a liberty is open to abuse ; and abused it certainly has been. The Syndicalist has made a protest which must be heard and will be heard in part. But like most enthusiasts he overstates his claim ; and whatever justice we may acknowledge in his championship of the producers' rights, yet when he attacks the rights of ownership, we cannot but doubt the wisdom and the justice of so violent a departure from a tradition which is almost as old as man himself. For in the slow growth of ages, there is more than the wit of a few enthusiasts or the impatience of a single generation can replace ; and an edifice which has taken centuries to build may crumble in a night-time, when the corner-stone is once removed.

CHAPTER XVI

THE RIGHTS OF THE INDIVIDUAL

(i.)

It is perhaps the strangest paradox of human progress that as our "freedom broadens slowly down from precedent to precedent," the circle of our individual liberties grows narrow and more narrow. The citizen of a modern state knows none of the licence which his primitive and savage ancestor enjoyed. If he meets his adversary in Fleet Street, he may not beat him on the head with his umbrella, or relieve him of his ready cash ; he may not even call him names. The shackles of law and convention hamper his liberty at every turn ; and in every detail of his life ; it is forbidden him to sleep out at night in public places, to gamble in the railway train, or to shoot his rubbish from Westminster Bridge. And every year sees new acts placed upon the statute book, fresh regulations added to the bye-laws. So the list lengthens ; and we pursue the phantom of liberty by augmenting the criminal code. Now the passion for order and uniformity is, like most things, wholesome enough in moderation ; yet it is very dangerous when pressed too far. If I procure the passage of a law to restrain my neighbour's actions, it is well to remember that I place myself and all other citizens under a like restraint, and that in our zeal to punish the misuse of freedom in others we are only too likely to check the fount of freedom in ourselves.

Legislation which is intolerant of all extremes, and which makes an indiscriminating attack on every divergence from the normal code, is apt to kill just where it seeks to cure ; and when the liberties of the citizen are protected against all possible infringement, it may be found too late that no liberties are remaining to protect. There is a telling satire on this type of legislation in one of Mr. Chesterton's poems, which describes the sufferings inflicted by the tribe of meddling reformers upon an inoffensive citizen named Jones. This Jones possessed a dog, which at first he kept chained up in his back-yard ; but in so doing, he unwittingly aroused the jealous zeal of the reformers. First he was compelled to set the dog at liberty ; then, because it barked at motor-cars, to part with it altogether. Presently the police stepped in and finding his yard inadequately guarded annexed that too. Poor Jones was now detected in a new offence ; having no yard for exercise (as by statute he was bound to do) his health was sadly undermined : and the medical officer declaring that his legs were " atrophied from long disuse," must needs amputate them both. Others, with still more thorough-going and officious zeal, took off his arms, and soon (out of sheer pity for such helplessness) his head. The rights of dog and motorist has each in turn been vindicated ; the cause of public security and public health had triumphed ; the passion for reform was satisfied ; and Jones was left an obtruncated corpse. The moral of this grotesque allegory is plain. State interference may secure us immunity from wrong, but it also deprives us of the opportunity for right. To cut off the offending hand or foot, is to go maimed through life ; and in the anatomy of human character liberties are the means of self-expression as the members are the agents of the brain. So with every fresh restriction of our liberties, it is as though a limb were lost. And the real danger

of Socialistic* legislation is precisely this, that, when the State, repressing here, curtailing there, shall have shaped the individual to the point of true perfection, his virtues will have vanished with his vices, and he will be found a thing, like Jones, without human character or human powers.

Yet, just because human nature is vicious and unruly, and because without discipline there can be no civilised existence, it follows that the State must interfere with the relations of its subjects. Such interference however may take two forms ; it may seek to limit liberties or it may seek to destroy them. When, for example, the use of alcohol tempts men to drunkenness, the State may either restrict its use by visiting heavy penalties upon excess, or alternatively it may prohibit brewing and remove the temptation altogether. The Prohibitionist will favour the one course, because he is persuaded that the use of alcohol is wholly bad ; his opponent will favour the other because he holds that alcohol is in itself a good, and bad only in its misuse ; and upon the right choice between these opposing views the wisdom of reform will depend. So when human nature goes astray and needs the correction of external discipline, this question must precede all legislative interference. Have we here to deal with something wholly wrong—a canker on human nature which we must root out at whatever cost ? or with something for which, if rightly used, human nature is the better and the richer, and which therefore we must, if possible, retain ? Now there are some abuses which fall beyond any doubt under the first of these two heads. If the State sets an absolute veto upon duelling, or upon the sale of harmful drugs, there will be no apologists to uphold the right to kill, or to maintain

* Socialistic, whether of the Collectivist type or of the Syndicalist type known as Guild-Socialism : for in the latter, as we have seen, State-ownership, and in some degree State-Control, are equally essential.

that absinthe drunk in moderation is good for health. On the other hand, we are no less agreed that certain liberties are fundamentally good ; and these, even while we are compelled to limit, we shall endeavour to preserve. Such, for example, is the power of a parent over his child. We believe the institution of the family to be the central tie of human life and the source of half our human virtues. Therefore we shall tamper with its rights as little as may be. It may be that the abuse of parental liberties will compel us to curtail them ; we may forbid the father to chastise his son in a brutal or even in an unreasonable manner ; we may force him (often under circumstances of extreme hardship) to send his son to school. But the responsibility of a parent towards his child will still stand ; and that this responsibility, however liable to neglect or to misuse, should be altogether done away, is for most of us unthinkable. It is a permanent and inalienable right, which every interference has not weakened ; on the contrary, the limitations which we have imposed upon that right, have given it a new and richer value. The relations between parent and child are, in fact, more sincere, more generous and more deep to-day than in the old era of parental tyranny. For limitation has not supplanted the privilege of family life nor destroyed the liberty of love : and just as the artist who submits to the constraints and conventions of his craft, gains a beauty and a strength which unrestricted licence cannot give, so under the discipline of law, when rightly framed, we may find a stronger and truer freedom than we yet have known.

(ii.)

Remembering, then, that it is easier to mar institutions than to make them, let us beware lest under the present strong impulse of reform we should be

tempted to destroy where we cannot build, and sweep away what we are powerless to replace. Standing as we do upon the brink of far-reaching economic changes, we shall do well to take account not of the present only, but of the future and the past ; and when rival theorists summon us in the name of freedom to reform this institution and to make an end of that, it behoves us to look closely into human nature, and to enquire what are the economic liberties which are fundamental in man and robbed of which he could no longer be called free. Such liberties, as I think, are two in number ; and of these the first is *the liberty of bargaining*. The power to accept an exchange or refuse it, the power to offer or withhold at will his property, his money and his labour, is the inalienable right of the free man. Often, it is true, the State for its own reasons may encroach upon that right. It may enforce the sale of certain goods at a fixed price ; or it may decree the payment of a certain wage in a particular industry. Yet these infringements of individual liberties are the exception rather than the rule ; and even in such cases the State does no more than regulate the conditions under which bargains shall be made ; the bargain itself is not compulsory. The employer need not pay the statutory wage if he prefers to let his mills stand idle ; and the grocer who objects to selling sugar at the Food Controller's price, is at least free to give up his business. But suppose the State were to address its subjects thus ; " I no longer say that *if you choose* to perform such and such services for other men, you shall perform under such and such conditions ; but I say that these services have got to be performed ; and perform them you shall (and at such conditions as I please), *whether you choose or not* " ; then indeed the individual would cease to be a free agent altogether and the last semblance of economic liberty would have been lost. Such loss of liberty is, in fact, what Labour

dreads as it dreads nothing else ; the very fear of it has made industrial conscription for the purpose of war impossible ; it wrecked the scheme of National Service from the start ; and it has made the working classes bitterly distrustful of every form of State-Control. Yet such loss of liberty is none the less the very goal to which Labour's own policies must inevitably lead. Under Socialism and Guild Socialism alike, the State's claim to fix the wage of the producer must sooner or later clash with the producer's liberty to withhold his labour, whenever the wages do not please him ; and when this clash occurs the State will have no choice but to employ compulsion or (if it prefers) to abdicate its claim. The power of the strike will either remain effective, or else it will be suppressed by the authority of law ; and in the latter event the producer will have lost his economic freedom. Nor, in the long run, can the State hope to banish competition except with the same result. There is only one means of making wages independent of the law of supply and demand ; and that is by depriving the individual of the liberty to choose his trade. Let us suppose for instance that the State assumes control over sea-transport. The carrying trade is an absolute necessity of national existence ; the need of export and import is permanent and urgent ; and the remuneration therefore is less affected than in more speculative trades, by the fluctuations of the market. The State then may reasonably assess the value of this service to the community and establish with justice a permanent standard of remuneration. As times goes on however, it may well happen that men will be less and less attracted towards the mercantile marine. In comparison with the security and comfort of rival occupations, the dangers and hardships of a life at sea will appear to them distasteful. The flow of recruits will cease ; and the State will once more be faced with this dilemma ; either it must

tempt them with a higher wage and so admit the individual's liberty of bargaining or once again it must fall back upon compulsion and revive the press-gang in a novel form. There is no third alternative. Either the individual is free or he is not free ; and no system ever invented can make the State his economic master and yet leave him other than an economic slave.

The second liberty of the individual, is the *liberty to save*. Not even the State can compel a man to consume against his will ; and it is clear that, if he consumes less than he produces he will have a surplus in reserve. Unless this is forcibly taken from him, he may use it either for investment (that is, he may entrust it as a loan to someone else in return for certain payments) or while living upon the surplus, he may turn his hand to producing something else and enlarge his profits in that way. In either case, he will possess Capital and reap the advantage of Capital's reward. Now, under Socialism and Syndicalism, as we have seen, it is proposed that all Capital should be taken out of the hands of the individual, and be vested in the Unions or the State. In other words, individual saving will be replaced by collective saving ; and, just as the directors of a company put by a portion of their annual profits for the future development of the business, so by the State's or Guild's economy fresh additions would be made to the collective capital, in which addition the several members would each possess some stake. Such a scheme is practicable enough ; and here at any rate we need not question its power to develop industry wisely and to secure a progressive increase of production. But in any case it could hardly preclude the individual's right of saving privately on his own account. The thrifty man, earning a good salary or wage, would still be able to put by a handsome surplus for investment ; and indeed for the father of a growing family such provision

for the future would be a necessity rather than a right. Even if the privileges of private capital [were enormously curtailed, they could not be altogether destroyed, except by the sacrifice of the individual's freedom; and, seeing how great is the power of capital, how swift to accumulate and to gather strength at every stride, we may be sure that nothing short of the most arbitrary restrictions could hold the capitalist in check. Somewhere there would be found a fresh outlet for his enterprise, and therein fresh means to profit by his resources. So long as man is free to save and free to bargain (as every man of character would wish to be) Socialism and even Syndicalism must both prove broken reeds in the reformer's hand; for in each case the time will surely come when he must either surrender his doctrine of the State's supremacy or else his faith in the liberty of man.

The truth is that the Collectivist's ideal cannot be logically consistent without denying the premises on which democracy depends; for like the Individualist's ideal it is based upon a fallacy. To the men of the Manchester School the economic unit was the individual man, his duties wholly self-regarding, his interests everywhere opposed to the interests of others, and his creed to leave the public good to take care of itself and to tolerate no interference from the State. To the Collectivist on the other hand, the economic unit is the general will as embodied in the State; and (if his theories are pressed to their conclusion) his State would take no more account of the individual than the Individualist would take account of the State. The community would be everything; the single citizen no better than the slave of its will; and wherever public and private interests clash, the latter would go to the wall. Now this view of the Collectivist is, like the other, founded upon an unreal abstraction. The individual, independent of his fellows, and unaffected

by their needs, is a pure fiction ; the State which uses its citizens as mere pawns, is equally an inhuman monster. The true economic unit is neither the individual nor the State, but the harmony between them both. And there is but one way and one way only (as our political development has long since taught us) whereby true and lasting harmony can be attained. It is not through some cut and dried system of arbitrary control, which ignores the individual's liberties and moulds him to a mechanical obedience ; it is rather through the education of an elastic discipline, which, while it punishes the abuse of liberties, yet seeks to inculcate their proper use, and which instead of compelling the slavish acceptance of a dull conformity, would awaken the quickening spirit of spontaneous service. For while the harmony which depends upon compulsion is like the harmony of the beehive or the ant-heap, efficient perhaps, but static and unprogressive ; the harmony of free service is living and creative. Nothing but the individual will can be the ultimate source of all vitality ; even in the animal world it is the rare divergence from the normal type that creates a new species ; and among men the strongest and wisest lead the way. So it is upon the free development of individuals that the vitality and progress of the State must in the last resort depend. Though the whole is greater than the parts, yet if the parts be rotten, the whole also will surely die.

(iii.)

Every sane man values liberty in himself ; he deprecates it only in others. To save and withal to profit by his saving, is his desire, if not his practice ; and even the poorest workman would doubtless turn capitalist—if he could. But of this he sees no present and indeed no future prospect. Others, whether by luck or skill, have drawn the big prizes in the lottery

of life ; and he, like the disappointed gambler, rebels against his fate and questions even the justice of the rules . So it is not strange that he should lend a ready ear to the facile remedies of theorists, telling him that all the profits should be pooled, the cards re-dealt, and the game played out afresh on the lines of a more equitable partition. Liberty is all very fine in theory ; but it has not supplied him with food to eat and clothes to wear. And though the new system may lack the spice of adventure of the old, at least it will pay him better. If indeed, Socialism means higher wages, greater comfort and less work, its moral disadvantages may (so the poor man thinks) be easily discounted.

Upon one point of plain arithmetic the ideas of the Socialist, the Christian and the thief meet in a strange conjunction. All three are agreed that to make the poor man richer we must make the rich man poorer ; and although they are not at one about the means of doing it, that is no reason to dispute the accuracy of their calculation. No special pleading of the Socialist's opponents will alter the obvious fact that the poor would benefit handsomely by a redistribution of the national wealth. Before the war, at any rate, the average income of the working man lay somewhere between £60 and £70 a year, and, if by some miracle, the national income should be divided up and distributed in equal parts among all adult bread-winners, then that average would be increased by approximately *one half*. So sweeping a reform however is hardly to be contemplated by even the wildest of fanatics. The object of the Socialist's attack is not so much the man of moderate means, the small capitalist, the professional man, the tenant-farmer or the well paid artisan ; it is directed rather against the super-wealthy, the individuals who possess an income of (let us say) £5,000 or over. If their goods could be " divided and given to the poor," he would

feel that justice had been done. In point of fact, the net result of such a deal would be to raise the average by some ten pounds a head—an increase of *one sixth*, a welcome windfall it may be, but hardly a signal triumph for the Socialist cause. To take an alternative suggestion, let us suppose the transference of wealth to follow the line of the Syndicalist programme; in that case the results would be a trifle better for the workers. Of the gross profits of industrial out-put it has been reckoned that the capitalist's share is seventeen per cent., the workers sixty-six, the balance going to the salaried staff or to upkeep and repairs. If, therefore, the capitalist's share were handed over to the workers, it would mean the addition of not one sixth, but *one quarter* to their income. This, too, is an addition not to be despised; and in these figures there is enough perhaps to prove that such radical reform is indeed one way to make the poor man richer. That it is the only way, however, is patently untrue; that it is even the best or quickest way is very doubtful. For it is equally possible that capitalist and workman should both grow rich together. Such has in fact been the experience of the past. During the nineteenth century, the wealth of the nation grew prodigiously, and no doubt large fortunes were made by individuals; but it is beyond question that a very large share of that increase went to the workers. Whereas the average of rich men's incomes (incomes, that is, of £5,000 a year and over) was augmented by roughly one third,* the income of the adult worker was more than doubled between 1801 and 1910; and though for such progress no special thanks are due to the individual master who was seldom a willing party to this rise of wages, nevertheless some credit must be given to the capitalist

* It must however in fairness be observed that, the number of "rich" men has increased roughly tenfold, whereas the working population has only been quadrupled.

system as a whole; for without that system such progress would scarcely have been possible at all. It was the enterprise, the courage, the foresight and (if you will) the greed of the big manufacturers and merchants that gave the needful impetus to trade, initiated hazardous experiments, perfected new devices, and so brought about that miraculous increase of production of which the workers are reaping the benefit to-day. Did we stand once more on the threshold of the Industrial Revolution, and see clearly before us all the gain and loss of unrestricted competition, who would dare assert that any alternative system could produce equally good results? And, looking forward into the future, what assurance can we have that, if our policy were to be reversed to-morrow, the same rate of progress would continue as in the past? The wise traveller, when he sights a pool of water across the desert sands, does not empty his flask dry until he has good proof that his hopes are based on no illusion; and before we can safely dispense with capitalist control, we too, must have definite proof of the efficiency of its successor. We must be sure that the collective intelligence and purpose of the masses, will be equal to their task. Will they, in other words, be able to repeat or even to improve upon the capitalist achievement? Is there real reason to predict that a hundred years hence the average member of the Socialist community would be twice as rich or more than twice as rich as the average worker of to-day?

Before we can give an answer to these questions and decide whether industry under popular control would be as effective as under capitalist control, we must, I think, consider the problem under three aspects; first, what will be the effect of this change on the production of wealth, second upon the saving of wealth, (that is on capital,) and last, upon the use of wealth when it is saved.

(1) It is commonly asserted that with the disappearance of free competition, the chief incentive to energy would have been lost; and that is tantamount to saying that men are incapable of giving their best work except for the purely selfish ends of private profit. Now it is doubtless true that much of the enterprise by which trade and manufacture have been developed, has been due to the money-making instincts of private individuals. The pioneers of the last century were men who both owned and controlled their businesses and who therefore profited directly by the success of their own management. But since then circumstances have somewhat changed; it is more common nowadays to find businesses controlled by salaried managers who have only an indirect interest in the profits of the concern; nor is there any good reason to suppose that their work is less efficient than the work of the owner managers or that their policy is less progressive. In any case, three quarters of the population work upon fixed salaries or wages, nor have they ever worked on any other terms; and it is rating human nature unnecessarily low to suppose that the men at the top have a different conception of their duties from the men at the bottom. Nor, after all, will all stimulus to energy and zeal be removed by Socialism. In the first place services will be still rewarded in proportion to their worth; and there will still be a hierarchy of functions and good work will still earn the reward of merited promotion. Secondly, we must not forget that good work will always directly or indirectly mean the worker's gain, even though that gain be shared by others. We have abundant proof already that a workman will work better, when he knows that the whole shop will profit by his industry, and himself along with other members of the shop. And, in this respect, Syndicalism possesses one manifest advantage over the Socialistic system. Where each

individual is the servant of the State, we may hope indeed that he will feel the call of patriotic duty and put forth his best efforts to benefit the community at large. But human imagination is not strong. So large a unit as the State is too vague and too elusive to appeal to every man. He will never see perhaps the tangible results of his endeavours ; his share in the general scheme is too minute to excite his ambition or his pride. But make the economic unit smaller ; share out the profits among the members of a Guild or still better of a workshop ; and the case will be very different. Then at once a certain *esprit de corps* will be aroused ; the healthy influence of public opinion will supply a stimulus which will be felt by managers and men alike ; and even the loss of competition will not be noticed, if the spirit of co-operation takes its place. In short, so far as efficiency and effort are concerned, industry might well pass from individualist to syndicate control, and still survive the shock.

(2) Over the second point, however, we are at once upon more questionable ground. It is clear that the vigorous production of wealth is not alone sufficient for progress ; there must also be conservation of wealth, or industry will remain at a standstill. Now though men may be ready to work their best for the common cause, it is much more doubtful whether they will be prepared to save for it. Economy of public funds has never been an easy or common virtue. From the minister who squanders the resources of the State, down to the man who wastes the writing-paper at his club, it is the same unvarying tale. What is everybody's business is the business of no one in particular ; and while we are careful of the private penny, we are carelessly indifferent of the public pound ; and if proof of this were needed, the record of municipal finance is enough to show how little the average citizen is

interested in collective economy. To make matters worse, thrift is not the natural instinct of our people ; they are far from being a saving nation like the French ; and we cannot expect them suddenly to develop in the management of public funds, a virtue which they do not practise in their homes. It is true of course that they have little opportunity of thrift ; but when the opportunity does occur (as it occurred to many during the war) it is not used. Still less is that greatest of economies, wise expenditure, properly understood. The reason why so many shoddy tenements are built at the present day, is partly at least because the working man prefers the advantages of cheapness to the superior comforts of a well-constructed home ; and if, after the war, our suburbs are filled with rows and rows of ugly unsubstantial houses, it will not be because the Board of Trade is lacking in ideals, but because Labour sets so little value upon either permanence or beauty that it will grudge to add one unnecessary sixpence to the rent. Again, the wisest investment that a man can ever make is the sound education of his children, yet if the law permitted it, how many parents would gladly cut the years of schooling short for the sake of some trifling addition to the family's weekly income. In short, it is not at all easy to believe that there exists among the majority of men sufficient self-restraint or commonsense to ensure a progressive increase of our industrial resources, should the control of industry ever pass into their hands. When the annual budget was submitted to their decision, high wages would be more popular than wise retrenchment ; the promise of speedy returns would catch more votes than the slower programme of improved production, and in the financial schemes of a democracy there would be little of the deliberate patience and farsighted calculations of the independent capitalist. It seems

moreover that from the very circumstances of the case their temptations to extravagant expenditure will in a sense be greater than are his. The private individual who receives an income of a hundred thousand pounds, can hardly spend the whole. It is almost a foregone conclusion that three quarters of it will at the very least be saved, and so will serve in its turn to capitalise fresh output, by which we must remember others will benefit as well as he. So the great financier acts, as it were, as the repository of the nation's wealth, or at least as a brake upon the national expenditure. If, on the other hand, that hundred thousand pounds were distributed among a hundred thousand persons, the result would probably be very different ; for the temptation of spending it would be increased a hundred thousand fold. Wealth may be likened to water which, if gathered in a lake or hollow can be saved for further uses, but which, if it descends upon the ground in innumerable rain drops, is rapidly absorbed and drained away. It may indeed be argued that as rain is necessary to feed the ground and fertilise the crops, so in the same manner, increased consumption may raise the standard of living, stimulate the people's energies, give an impetus to trade, and thus in the end bear fruit in an increased production. But the central reservoir is also needed, that is if we are to improve on nature and irrigate our lands. So the capitalist too may have his function ; he too may be necessary to the proper improvement and development of our national resources. And if we were once to break the dam which holds these gathered waters, can we be sure of the result ? No doubt a temporary relief would be felt in the parched and sterile places ; may be the immediate harvest would be the richest ever known. But who can say whether in the uncertain future, the scattered waters could ever be regathered or the broken dam rebuilt ? It seems more than

doubtful whether now or for many years to come democracy could be trusted to regulate its own consumption wisely or build up its own capital with a sure and steady growth ; and without a steady growth of capital there can most certainly be no permanent advance towards the goal of material happiness.

(3) There is a third factor which must play an important part in industrial progress ; I mean the use and investment of capital, and how this would fare under a system of popular control falls next to be considered. Now there are many qualities which go to make the good financier ; not the least perhaps is courage. He must be ready to sink his money in some new scheme of which he cannot foresee the certain issue except with the eye of faith ; he must be ready to take risks ; and something of the eager instinct for adventure is needed in his composition. However when we come to ask how far we might count upon the same qualities of enterprise and courage in the policy of the Socialistic state or Syndicalist society, it may seem at first sight as though they will not be needed. By the very act of pooling our resources, we should to some extent eliminate the element of risk. The losses of an unsuccessful venture would be so widely spread that they would scarcely be felt by the individual member of the community ; and it may be thought that the State could embark light-heartedly upon schemes from which the most daring capitalist would shrink. Yet after all, can we be certain that it would ? Grown citizens do not gamble for ha'pence. It is only the investor who is out to get exceptional returns, that is willing to take exceptional risks. And we must remember that under the collectivist system this particular incentive will be gone ; there could be no more playing for high stakes. For, if the individual's share of risk is diminished, it is clear that his share of profit will be diminished also ; and a speculation which

appeals to the adventurous when it offers the prospect of a twenty per cent. return, must seem less tempting when it means no more than the difference between four per cent. and five. The instinct for adventure would hardly be encouraged by the Socialistic state; least of all is it likely to be found in the salaried officials who will for the most part direct financial policies. For as we have seen above, the official is not like the capitalist his own master. He has none of the capitalist's inducement to adventure. He will not make any personal profit out of a speculative deal, and he dreads the odium of possible failure more than he values the applause of possible success. Neither is he likely to initiate nor is the jealous body that controls him likely to approve any sudden or bold departures from the beaten track. Democracies are naturally suspicious of their servants, quick to visit punishment upon those who blunder, slow to encourage originality and imagination; and if the industrial pioneer is to have free rein for his genius he must be hampered neither by the red tape of officialdom nor by the burden of responsibility to others. This is not indeed to say that the spirit of adventure will be equally needed in every branch of industry or in every department of commerce. There are some kinds of production which involve little element of risk. When the demand for a thing is constant, and the supply of it regular and secure, the producer's task is straight-forward enough; there is little call for startling innovations. The transport service is a case in point. We can calculate precisely what train-service will be needed in the various parts of the country; and no special enterprise is wanted to supply those needs. Competition in supplying them will in the long run be extravagant and costly; and a public system of control (if placed in reasonably skilful and energetic hands) would mean better organisation and substantial economies. There

is therefore much to be said for the nationalisation of these *natural monopolies*, in which demand and supply are as constant and invariable factors as in the case of light or water.

Where, on the other hand, a considerable element of risk is attached either to the demand or the supply, State control will not so easily discharge the part which is now played by private competition: The exploitation of an oil well, for example, is in a large degree speculative; the probable yield is uncertain; the cost of production is uncertain also; and nothing but the equally uncertain chance of big returns may induce men to make the venture. Again, the requirements of the consumer are changeable and by no means easy to predict. The manufacturer cannot estimate in advance the value of some novel luxury or some new invention. It may take the public fancy; or it may prove a complete fiasco. Often the demand for a thing is not felt at all, until the supply is there to create it. Even our military chiefs had not conceived of half the uses of the aeroplane until the enterprise of private inventors had revealed its possibilities, and just as it required the strong stimulus of war to arouse in them the spirit of invention, so without the stimulus of competition there would be little to disturb the conservative habits of the producer or to break him from his settled methods of production. Competition is after all the sovereign remedy against stagnation, and so whereas the Socialist official falling complacently into the groove of dull routine, would be content to supply the obvious needs of the consumer and no more, the competitive trader, eagerly intent upon new profits may lead and educate the public taste by tentative experiments and bold improvisations. In short, it is by the imagination and enterprise of the few rather than by the conscious demand of the many that fresh conveniences are added to our life and civilisation

forges patiently ahead. Were we forced to wait for innovations and improvements until the general public is aware that they are wanted, we might very well wait till Doomsday; but if we allow the capitalist his chance and give him a fair field for bold initiative and reasonable profit then all the wealth of human ingenuity will be at our disposal and we shall not be kept waiting long.

We have now considered under three different aspects the fitness or ability of the people to undertake the control of industry and to fulfil the function of the dispossessed capitalist. Of its very nature, all forecast of the future must be guess-work; but so far as past experience can prove anything, it seems that upon two of those counts at least the people would be found wanting. Under the Socialistic State we may hope (though we cannot be certain) that a sense of duty and loyalty to the common cause would supply the stimulus to energy and zeal which is now supplied by private profit; but for that difficult combination of audacity and self-restraint which has been the mainspring of our past industrial progress, we have found no substitute. These are qualities which legislation and organisation alone are powerless to produce. It requires a particular environment of economic conditions to bring them out, just as much as it requires a particular environment of physical conditions to develop the craftiness of the tiger or the docility of the cow. Education may do something; but education of the class-room is not in itself enough. It is only in the hard school of life that these lessons can be learnt. True thrift is taught not by compulsory economy; but by the painful discipline of personal experience. A man begins to value the importance of doing right, only when he has seen or tasted the consequences of doing wrong. Individual virtues are the outcome of individual responsibility; and however

comfortable and secure the socialistic life might be, we know that responsibility is not to be learnt by a servile dependence on the State.

For picture what kind of life strict Socialism would offer. From the beginning to the end of a man's career his path will be made easy and secure. Employment will be certain; and (if Socialism can make good its claim) a decent standard of remuneration will be certain also. He will not need to make provision against accident or sickness; the State will see to that. He will not need to put by against old age; a pension will be assured to him. He will not need to start his son in life; the public service will claim them as it has claimed himself, and will allocate them to their proper stations. There will be no demands upon his charity; for the sick and needy will have passed under the protection of the State. In a hundred ways the chances and accidents of life will be automatically countered; and this not by his own forethought and discretion, but by a paternal authority, which will shelter him even from the consequences of his own weakness and mistakes. I do not say that such a life will not be happy and comfortable and contented; but I do say that it will be no natural or effective training ground for the virtues of self-reliance and self-control. The normal responsibilities of man will be lacking in it; for responsibility means liberty, liberty to do wrong as well as to do right, to fail as well as to succeed. No doubt such liberty is dangerous both to a man's own self and to his neighbours; but liberty is always dangerous; in religion, in marriage, in all the best things of life, the man, who is free to choose, runs recklessly into risks which should appal him, and before which he might well hesitate to trust his own liberty of choice. Yet he would be less than a man who on that account would shrink from the responsibility of choosing. For it is by accepting

risks that character is made. The man who goes on guiding strings through life, will surely be found wanting when the big test comes, and he must stand perhaps alone. The Spartan, well drilled and moulded as he was in the iron discipline of Lycurgus, often broke out into licence and debauch when he found himself abroad and beyond the reach of the State's controlling hand. From the behaviour of Germans in our own day the same moral may be drawn. There is no easy road to Virtue ; and if the State attempts to manufacture what can only come by natural growth, it will one day find that the law-made virtues on which it counted have failed it at its need.

(iv.)

If, then, this analysis be true, Socialism stands doubly condemned. Whether regarded as a moral education or solely as a business proposition, it is alike found wanting. It removes the natural incentive to enterprise and thrift ; and yet puts nothing in its place. It destroys the economic liberty of the individual ; and yet offers no security of progress to the community as a whole. If we were sure that by forfeiting our freedom to save and bargain we should indeed bring the millenium nearer, the sacrifice might perhaps be worth our while. But if Socialism, while bringing us a temporary advantage, were to end in ultimate stagnation, then we should repent at leisure of our premature impatience ; for, like the Arab who has killed his camel to extract the water from its carcase, we should find ourselves satisfied indeed for the instant, but no longer capable of travelling to our journey's end. And is it in truth so very strange if this instinct for economic liberty should prove after all to be the basis of material progress ? Even the abstract laws of conscience and religion have also their utilitarian

application. There is a sound hygienic principle underlying the observance of a weekly sabbath; honesty is a paying policy as well as a moral duty; and with the acceptance of the Christian code of ethics life has become more tolerable, not less. So if the normal human being feels (as beyond doubt he does) a genuine desire to be master of his economic fate, not that he may use his freedom to the detriment of others, but that through his freedom he may realise his own ambitions, shape his own course through life, and find for himself the road to happiness, then we may be sure that this instinct is a sound and even a necessary impulse, and that obedience to its call will tend no less to his material welfare than to his moral good. Even were it otherwise, and if it were necessary to make a choice between the two, we cannot in reason doubt what our choice would be. The individual character is of more account than the prosperity of nations; and to gain all that the world can offer of comfort and security is no sufficient compensation for the loss of what ennobles man. If the truest ideal of individual life is the sacrifice of self, yet that sacrifice to be sacrifice at all, must spring from the individual's own free will. Human nature can only rise to its full height, when a man accepts this responsibility of freedom and uses it humbly in the service of his fellows. To refuse that responsibility is to shrink from the challenge of life, and to leave human nature stunted and curtailed, and the greater the responsibility accepted, by so much the more will the reward be great. At the entrance of the Needle's Eye, there is more virtue in the humility of the kneeling camel than in the erect posture of some lesser beast.

NOTE ON THE RATE OF INCREASE OF AVERAGE INCOMES UNDER THE CAPITALIST SYSTEM.

Some striking figures have been compiled by Mr. Mallock, which give us the opportunity of testing the true value and effect of redistribution upon socialist lines.

Mr. Mallock takes first an estimate of the *ideal* average of income per head, supposing the total wealth of the country to be equally divided. Next he takes the average income per head *actually* enjoyed by the poor (the class that is supported upon wages of £160 per year and under).

Putting the two estimates side by side, Mr. Mallock arrives at the following result.

	A		B
	Average income, if the nation's wealth were equally divided.		Average income of individuals supported on less than £160 per annum.
1801	£20	—	£14
1850	£24	—	£17
1880	£35	—	£24
1910	£45	—	£34

Thus it will be seen that the "ideal income" which a complete redistribution of wealth would offer, is reached by even the poorer class in a period varying from thirty to forty years. If Socialism failed to ensure a continuation of this normal rate of progress, the poor man would actually be a loser, not a gainer by the deal. In the future moreover we may expect with reasonable confidence a considerable acceleration of this rate of progress. It would not be at all surprising if, all going well and the population remaining stationary, the average income were doubled in the next thirty years.

CHAPTER XVII

COMPROMISE

(i.)

IF we conclude (as I think we must) that the old economic order will survive the shock of the Socialist's attack, and if much of the world's capital continues in the future, as in the past, to rest in private hands, it does not follow that the capitalist's supremacy will remain altogether unimpaired. One way or another there are sure to be limitations of his power. Taxation for instance will certainly divert a larger proportion of his income into the public purse. His privilege (already much curtailed) of handing down his wealth intact to whomsoever he pleases, will probably be curtailed still further. But, if the capitalist is wise, the chief limitations of his power will be voluntarily accepted and self-imposed. Such sacrifice (if made in the right spirit) will be an act of social justice and good citizenship rather than the grudging concessions of a threatened despot. If the workers claim a share in the responsibilities and profits of industry the capitalist will acquiesce not so much because he fears the consequences of refusal, but because he recognises the justice of their claim. His choice, in short, will be determined not by necessity, but by reason. Nor need we doubt that the worker upon his part will be ready to listen to reason also. For at bottom the normal British working-man is as reasonable as any-

body else. He has a large fund of instinctive common-sense ; intensely conservative in his habits, seldom for long the dupe of passion or illusion, and possessing a shrewd grasp of practical issues, he has no great liking for political chimeras. His speech, it is true, often belies his instincts ; for, though his grievances are real enough, he is a poor hand at expressing them in words ; and if he often takes a grim pleasure in the over-statement of his wrongs, and in applauding the exaggerated claims of revolutionary enthusiasts, that is a common failing of mob psychology. His true grievance is simply this ; that he is not treated as a responsible being. Given a job to do, he is not consulted how it should be done ; asked to work overtime or to make a special effort, he gets no thanks ; and if he does his work well and thereby improves or accelerates the output, he does not touch a penny of the extra profit. In a word, he is used as a tool or a thing, and not as a man with a will and a soul of his own. And all the while he knows that business might be conducted upon different lines ; he knows that, were he given responsibility he could justify the trust. He knows that industry might be again what once it was, a partnership between the master and the man. If then he thought that the capitalist were willing to acknowledge that partnership, we should hear no more talk of sweeping the capitalist away. For the working man knows well enough that the capitalist understands the management of industry and that he himself does not. And to the capitalist he will readily leave it if the capitalist will allow to him also his due share of responsibility and trust. For there is one special part of industry which every working man does understand, and that is his own part ; and if over that part at least he were given a limited control, he would perform it well content. For while his reason tells him that brains and hands have each their separate function,

it also tells him that *neither* has the right to tyrannise over the other. If both parties are reasonable, compromise can never be far off, for compromise is the triumph of reason ; and the first step towards industrial unity is to understand. More than half the bitterness and friction that exists between the men and the masters comes from an inability to appreciate each other's point of view. Misunderstandings often arise from the most trivial causes. Because an employer has not the leisure to mix among his men, because he fails to show some sympathy where sympathy is needed, perhaps even because he neglects to recognise his employees in the street, they are up in arms against him and interpret his conduct as churlish indifference. The employer in his turn, conscious of the changed feeling, but ignorant of its cause, sets all down to insubordination and unreasoning discontent ; so instead of conciliating he endeavours to repress ; bent upon upholding his authority he will not listen to reason ; the workers' demands, however, just will be denied a hearing ; suspected ringleaders will be dismissed ; and thus the temper on both sides grows gradually harder. When, in this tainted atmosphere of suspicion and distrust, more serious disputes and differences arise, the natural consequences will follow ; immoderate claims on one hand, stubborn opposition on the other, and too often, in the issue, charges of broken faith on both. So the breach widens and before it can be healed, there must be a new spirit and a changed temper on both sides. Yet to despair of such a change would be to lose faith in the English character. There have been bitter feuds and sharp antagonisms enough in the history of our national development. But the same reasonable spirit which served in the past to reconcile the causes of Protestant and Catholic, landlord and peasant, Round-head and Royalist, Tory and Democrat, has never failed us yet ; nor will

it fail us now ; and even if we seem to be drifting heedlessly towards a critical *impasse*, that has always been the English way ; and it is none the less certain that, before it is too late, our traditional genius for compromise will awaken and carry us safely through.

(ii.)

We have endeavoured hitherto to trace the course of the industrial conflict and to understand the issues upon which that conflict turns. Can we now foretell the probable solution or guess what form the compromise will take ? Such prophecy cannot be easy. There are three rival claims to reconcile, the capitalist's, the worker's, and the State's ; and the relative strength of these three rivals depends upon the chances of an uncertain future. From year to year the balance of power is shifting ; and the economic forces which control it defy strict calculation. Still less can we foresee under what circumstances and in what temper the disputants will meet to negotiate the peace, we cannot tell whether the terms will be dictated by the triumph of the strongest or whether the settlement will come through mutual concession and forbearance. Nevertheless, having regard to the abstract justice of the three rival claims, we can at least hazard an outline picture of the ideal compromise ; and in such a compromise the theories of Socialist, Individualist and Syndicalist alike will each claim some share ; for each, as we have seen, contains some measure of the truth. The Socialist rightly asserts the paramount interest of the community in the regulation of supplies ; therefore we shall recognise the State's authority to exercise a supervisory control over the entire business of production and consumption. The Individualist asserts the liberty of every citizen both to bargain and to save ; therefore (within the limits which

the State permits) we shall allow to the capitalist liberty in the disposition of his savings, and to the worker liberty in the use of his bargaining power. The Syndicalist asserts the claim of every producer to share the responsibilities and profits of production; therefore we shall allow to capitalists and worker, as joint-partners in production, the right to exercise control over their separate spheres; the capitalist over the larger policies of industry and trade, the worker over the conditions and practical organisation of his work. In a word, we must temper service with liberty and liberty with service, and unite the several members of the economic body in willing co-operation, while leaving to each the free performance of their natural functions. What will be the sphere of each and what the limits of their power, it must be our next business to define more closely.

(1) What then will be the sphere of the State? First, over certain branches of production it will exercise absolute control. These are the "natural monopolies" above mentioned, in which since demand is constant and the supply secure, competition is superfluous and wasteful. Some of them the State controls already; the Postal service, the Telegraph, and in a less degree, public health and education. Besides these the supply of water, gas and electric light is for the most part even now in the hands of the community, as represented by local Boards and Councils. In the future however, State control will no doubt be extended further, over the railways certainly, and, as some think, over the mercantile marine. Whether the mines, too, will become national property is a more controversial question; the consumer's interest seems to demand it; but on the other hand it must be remembered that in the exploitation of mines there is a distinct element of financial risk, and for this reason private enterprise is likely to be more efficient

and productive.* There will no doubt be other industries over which the same controversy will be waged ; but generally speaking the burden of proof will lie with the Socialists ; and unless the advantages of State control are definitely established, the Government will do well to leave the industries in private hands. This brings us to our second point ; and forces us to ask what will be the relation of the State towards competitive production, and to what extent will it seek to interfere between the Capitalist and the workers. The answer plainly is that the State will interfere as little as may be. By hypothesis, the individual, be he capitalist or worker, will be free to bargain as he pleases ; and any habitual interference of the State in the matter of prices, wages and profits generally would be a fatal encroachment on that liberty. Where however the liberty is used (as it may be used) in a manner which is clearly detrimental to the public interest, then it will be not only legitimate, but necessary for the State to interfere. For example, if the frequency of strikes or lockouts, or the magnitude of a particular strike or lock-out, causes serious inconvenience to the consumers, the Government may impose its veto with perfect justice and enforce a settlement by compulsory arbitration : for all abuse of liberty when objectionable to society at large, becomes a crime, and all crime it is the Law's function to

* There is another consideration which seems to point a different way, and which would lead to a Syndicalist rather than a Socialist solution of the coal-mine problem. Although the financial risk of mining is borne by the mine-owner, another yet more vital risk is borne solely by his employees—I mean the personal risk to life and limb. Even a high wage seems scarcely an adequate compensation for the dangers which these men run ; and that the *profits* of their risk-taking should go to a man who does not share it, seems less than justice. There is therefore much to be said for the scheme whereby the mine-owner would be content to receive some fixed standard of remuneration, while allowing the miners themselves to make what surplus profit they can out of their perilous occupation. The same argument would perhaps be equally applicable to the Mercantile Marine.

prevent. Again, the State will have a direct interest in maintaining the efficiency of national production ; and its further interference will be called for, when that efficiency is seriously impaired by the consequences of unrestricted competition. Thus, if Capital seeks to reward Labour with less than a living wage, the State will have a word to say. For it is obvious that to maintain an industry which cannot or will not offer a decent livelihood to its employees, is bad national economy ; since the national efficiency depends upon the health and vigour of its citizens and therefore upon the standard of life which they enjoy. Capital then cannot be permitted to secure its profits at the price of the people's health. Nor upon the other hand can organised Labour be allowed to misuse its power at the expense of Capital. We know that a certain minimum standard of remuneration is necessary if individuals are to be induced to save at all ; so to deprive Capital of its rightful share of profits is a suicidal policy which will either discourage men from saving altogether or will drive them to invest their capital abroad. It will therefore be the State's duty to defend the rights of Capital no less than the rights of Labour, and a sane public opinion would undoubtedly refuse to endorse the exorbitant demands of labour, should such demands in fact be made. If (as is likely enough) there are industries which will prove incapable of supporting this two-fold burden, these must either abandon the struggle and cease working or (if considered indispensable to the community's existence) must be bolstered up by a system of State aids or bounties. To this, however, there would be one inevitable corollary. Wherever bounties are accepted, a corresponding obligation is incurred ; and if a particular industry or a particular group of employers is guaranteed against the accidents of demand or against the stress of foreign competition,

then they cannot possibly deny the State's right to investigate their methods, and insist upon a proper use of their resources. How far the State would exercise this right would depend on circumstances; the scope of its authority would naturally be in proportion to the assistance which it gave. Were it for instance to undertake (as Sir Leo Chiozza Money thinks it should) the entire organisation of the country's food supply, buying the produce from the farmers at a bonus price and handing it on in turn to the retailers, then it is clear that the State would be in a very strong position. The same national necessity which make it needful to encourage British agriculture, demands also that British agriculture should be efficiently conducted; not only would the State supervise the teaching of agricultural science, subsidise chemical research, provide co-operative machinery, and indicate the best methods of increasing our production; but it would have every right to insist upon its advice being taken; it could press the farmers to make use of these facilities and even penalise culpable inefficiency or waste. Industries less dependent on public aid would not be equally at the beck and call of government departments. The degree of State control would vary, as it varies among secondary schools and universities which receive financial grants from the Exchequer. But in any case the State's right of interference would not relieve the individual farmer or capitalist of his personal responsibility. For he would not as under Socialism, be the State's servant; nor would the State be owner of factory or farm. Where each had a stake responsibility would be shared; and both would be working in co-operative partnership for the good of the community at large.

To such a course there are however many drawbacks, the more liberal school of politicians are strongly opposed to it; and hitherto at least they have received

the backing of the nation. The events of the next few years (and more particularly the terms of the peace settlement) will decide the issue. If complete victory is granted to the allied cause, we may be almost certain that the Free Traders will have their way. They hold that it is not only unnecessary to prop up home industries by artificial means, but also positively unwise, and they are not without logical grounds for their belief. Economic self-sufficiency, they argue, may seem at first sight to offer us greater security in time of war ; but in actual fact, it has been otherwise. It was our very dependence upon the supplies from overseas, that built up for us a mercantile marine capable of maintaining the welfare of our population and the efficiency of our armies throughout these years of stress ; and had we endeavoured, as the enemy have done, to be self-contained and self-supporting, it can hardly be doubted that we should have suffered the same scarcity and privations that they have done. We may expect therefore that in the future not only we ourselves, but other nations too (upon the Allied side at least) will welcome more and more a free interchange of commerce, each producing that which by its resources and abilities it is best fitted to produce, and each looking upon the activity and enterprise of others as complementary rather than antagonistic to its own. Free Trade is after all, the economic counterpart to a league of free peoples ; and, commercial interdependence is the surest guarantee of the world's peace. The wise government therefore will allow national industry to follow its natural course. Some special facilities, where such are needed, it will doubtless be prepared to give. A natural monopoly (such for instance, as the milk supply) which the Government does not wish to take into its own hands it may well place in a privileged position, and regulate in much the same manner as it regulates the private gas companies

to-day. But, for the rest, the State will not seek to meddle in affairs which are not its own ; rather, it will leave the enterprise of individuals to find a natural outlet. At home, it will not foster one trade or assist one class at the expense of others. It will enforce no special policy upon them, and take no sides against particular countries abroad.

As between employees and employed, the State will be an impartial witness of the industrial tug-of-war. It will not endorse the claims of the workers, because the workers are numerous ; neither will it favour the capitalist because the capitalist is powerful. Demand and supply will still continue (except for the limitations above mentioned) to regulate the market. The rise and fall of wages and profits will not be governed by the arbitrary justice of some State Department ; but by the natural working of economic laws. The reforms of the future will not proceed from political agitation nor from a tyrannical use of the majority vote, but rather from a mutual good-will and agreement between capitalist and worker ; and to the relations which will exist between these two we now must turn.

(2) First and foremost, it is clear that the general control of industrial policy will lie with the capitalist.* His right of choice in the disposition of his savings we have already seen to be an essential feature of a free economic society, and that right must, within limits, be secure to him. Besides this, he will be naturally fitted, both by character and by training for the organisation of business. No working man in his senses ever denied the value of brains, and the man who rises to a position of command in business as in other walks of life, must needs possess a natural genius for his task ; the less he is hampered in the use of his qualities, the more he will be likely to achieve success.

* Ultimately, as will later appear, this class will come to include employees as well as employer.

It is for the capitalist therefore to initiate and direct the policy of his business, to keep a watch on the world markets, and adjust his methods to their fluctuations, to co-ordinate the working of the several departments and select their heads, to confer with experts and appraise the value of inventions and improvements, and above all to supervise the whole financial system from the framing of the annual budget down to the purchase of a new machine. He takes his natural place as it were captain of the ship, whose duty it is, while others trim the sails or stoke the engines, to set his compass for the port, calculate distances, and resolve what course the ship shall take, and who, from his point of vantage on the bridge, can bring her safe through dangers of reef and current of which his subordinates are but dimly, if at all, aware. The capitalist then will still remain a commanding and powerful figure in the economic world. It is true no doubt that the inevitable tendency of modern finance is apt to diminish the direct and personal control of individuals. Industries are being grouped in vaster units and run on more comprehensive lines. Already small firms are being crushed out or absorbed by bigger houses. Shipping lines are amalgamating: so are the banks. It is the same in every section of industry. And one result of such a development is obvious. The individual capitalist can no longer remain in absolute control of these large-scale concerns. They are run extensively on capital borrowed from numerous investors; they are organised and administered by salaried managers; and the original proprietor retains little more than a controlling share in the company's finance and a place on the directors' board. Yet even so his power is still considerable. Whether he remains (as in very many instances he does) the actual manager and business head, or whether he delegates this task to others, admits the investing public into partnership,

and merely watches the use and disposition of his capital with a remote but jealous eye, there is none the less for the capitalist responsibility enough ; his obligation cannot be shirked ; and while he has a trust to perform to other shareholders, he has an even greater duty towards men in his employ. It is according to his method of discharging this duty, that the true success or failure of his management is to be measured.

The wise ship's captain who understands the art of leadership, knows that, if he is to deserve his crew's confidence, he must give them his ; and so, too, the employer will recognise that he cannot get the best out of his men unless he allows them to share responsibility with him. This he may do in two ways. First, he will consult them freely upon all points where their own interests are affected. Not many years ago it was thought beneath the dignity of an employer to enter into such relations with his men. In 1911, the Railway Unions went out on strike because the Company Directors refused to meet their representatives or even to acknowledge their existence. But there has been a significant change since then. During the war industrial committees have been set up in which men and masters sit side by side.* The advantages are twofold ; the masters may often obtain valuable advice concerning the details of organisation, and learn the simplest and most agreeable method of getting the work done. On the other hand, the men will be better able to appreciate the difficulties of their employer, and to take a long-sighted view of plans and projects, and by means of this greater knowledge to reconcile their fellow Unionists to necessary changes. Thus, when during the war the scarcity of cotton compelled the mill-owners to curtail the working hours, the repre-

* In adopting the recommendations of the Witley Report (1917), the Government propose to apply this principle to all industries under their control.

sentatives of the mill-hands, sitting in consultation with them, were given a clear statement of the whole position, and so were able to convince the others that this step was due to actual deficiencies of raw material and not to the selfish policy of the employers. Such a reform, however, will not in itself suffice, unless it be followed by another ; a large measure of self-government must also be conceded to the work-shop. Experiments have already been made in leaving the control of discipline and conditions in the hands of the employees ; and these have met with astonishing success. They have proved beyond question that the workers can be trusted to settle questions of promotion and dismissal fairly, to vote on working hours and holidays without prejudice and (most important of all) to choose the right men to be their own officers. This last is a vital principle of reform. Past experience has shown that the foremen appointed by a manager are generally far more unsympathetic towards the rank and file than the manager himself. It is not altogether their own fault ; for the foreman's is a difficult position, and on him falls all the odium of carrying out unpopular instructions. In any case he is too often the cause of much unnecessary friction ; but with stewards holding their authority in part at least by popular election, the danger of friction would be greatly eased. They would form a connecting link between men and masters, being answerable to both. And there would be little real danger that either the stewards themselves would betray the trust, or that those beneath them would challenge their authority. All sane men are fully conscious of the need for discipline, and though they may resent it when imposed upon them from above, yet such hostility would cease, if the responsibility for maintaining it were placed upon themselves. The autonomous work-shop would in fact reproduce in many features the prefect system of

our public schools, with which it has often been compared,* And this system is a serviceable model as well as a sound analogy ; for it is something more than an antidote for insubordination or a safety valve for discontent. It is an education in itself, a training in responsibility which can develop, as nothing else can, that special genius of the English race, the capacity " to govern and be governed," which is the true secret of our national liberty and greatness.

3. It remains for us to ask how far this compromise will satisfy the workers. Will they be willing upon these conditions to accept the supremacy of the capitalist ? Or will they still desire to be rid of him altogether and to remove the objectionable necessity of service ? Now in answering this question it must first be said that if industry is to be carried on at all, it must be organised ; and organisation is impossible without discipline and authority. Capitalist or no capitalist somebody must command and somebody must obey : and there seems no real reason for supposing that obedience to a Socialist Government or to a Syndicalist Guild would be more agreeable to the individual than obedience to a capitalist employer. Indeed the latter might easily appear to be the lesser of two evils ; for whereas there would be no alternative to the service of Guild or Government, the employee who is dissatisfied with one master is always free to seek service with another. In theory at least, he has the option between continuing his contract or closing it, he has therefore no just cause to quarrel with a contract which is made of his free choice. That contract it is true is a contract of service ; and since under no system can we all be masters, some must of necessity accept a lower room. There is nothing derogatory about service, the soldier

* Mr. Selfridge has adopted the very phrase in the attempt to institute a system of self-government among his own employees. See his recent book on the " Romance of Commerce."

must render service to his general, the clergyman to his bishop, even the cricketer to the captain of his team ; and there is no reason in the world why the working man should object to engaging himself to a master, if the terms of the engagement are reasonable and just. Provided that these terms allow him such a measure of responsibility or independence as we have described above, there remains but one point to which the working man might fairly take exception ; and that is the question of profits.

We need not here repeat the reasons already given for his dissatisfaction with the present system, except to say that they seem often real enough. But let us restate the problem in its simplest form. There are three agents in production ; first the hand-labour of the artisan, second the head-labour of the managing directors, and third the mechanical paraphernalia which represents invested capital ; and of these the last two are frequently, but not always, united in a single person or a group of persons. Now the first claim upon the proceeds of production is naturally the worker's ; whatever happens, his wages must be paid. If there is a salaried manager, his share is equally secure. The surplus, when these deductions have been made, goes to the capitalist, and this on the face of it seems fair, seeing that his claim can only be considered when the other two are satisfied, and that the risk is therefore almost entirely his. But though to this extent his claim to the surplus is well founded, yet there is another side to the question. After all it is not the capitalist that has himself produced the surplus. Any increase in the output of the factory is not due to him ; it is due to the skill of the management and to the energy of the workers. Naturally then the workers will ask why they should work extra hard that the capitalist may be enriched ; and why they should have no share in that which their extra labour has

produced. If production is indeed to be considered as a partnership between capital and labour, then it seems that there must also be a fair division of the spoils. Profit-sharing or co-partnership is no new invention. It is an experiment which has frequently been tried; but for one reason or another it has more often met with failure than success. The cause of the break-down however has arisen, not from any inherent weakness of the scheme itself, so much as from the practical difficulties of its application. It has failed, partly because the workers are not easily convinced that their own share is proportionate to their deserts; but even more because they mistrust the fundamental honesty of the capitalist's intentions. They will not readily believe in the goodwill of a man whom they have learnt to regard as their natural economic enemy; and they see in every offer of co-partnership a stratagem for extracting a maximum of work by a cheap and wholly inadequate concession.* Such suspicions may or may not be well founded; but though under the present circumstances they seem to be a fatal bar to all profit-sharing schemes whatsoever, that is no reason for condemning such schemes outright. Once the ground for suspicion is removed, and a mutual confidence is re-established, a basis for compromise and equitable partition could undoubtedly be found.

For all this it cannot be easy, indeed, it is quite impossible to satisfy both parties, unless both are prepared when needful, to make some sacrifice for the common cause. Most often the burden of sacrifice will fall on the employer. For, it must be remembered that if being something more than a mere investor, he manages the business by personal direction, he has in fact a very real claim upon the larger portion of the

* The practical difficulties of Profit sharing and Co-partnership are more fully explained in the note at the end of this chapter.

profits. What contributes most to the success of industrial enterprise is not the hand-labour of the men, but the brain labour which organises and directs it. It is by thought and calculation and foresight that large economies are effected, processes improved, new machinery installed ; in these and in a hundred other ways one skilful organiser can do more to increase the profits, than the industry and efficiency of a thousand factory hands. So the employer's claim to the larger share of profits is genuine enough ; and if money-making were his only object, there would be justice in it too. But we know that profit is not the only spur to effort and endeavour. There is many a man working for a fixed salary, who will do his best though it should not add one penny to his income. For such a man, and for the capitalist no less, there are other compensations, other rewards, the satisfaction of prosperous enterprise, the sense of power, the pride in a task efficiently performed and in its usefulness to man. Enjoying these in a greater degree perhaps than other men, it is little enough surely to ask of the capitalist that he should not grudge his employees a share in the fruits of his success ; and though it may be hard enough to assess the relative values of manual and intellectual labour (for it is always hard to compare two incommensurable things) yet it is surely not beyond the wit of reasonable men to come to an agreement.

There remains however a second difficulty to be met, and herein it will be the worker's turn to make some sacrifice. Just as for the capitalist there can be no profits without risks, so, too, the workers cannot expect to reap the benefits of success, without sharing the burden of failure. Common justice forbids the alternative of a one-sided bargain. It cannot be " heads I win and tails you lose " in the partnership between capital and labour. If the workers share the profits, they

must share in the losses also. And here it is that the difficulty arises, for it is abundantly clear that to the individual worker, with his too slender margin of resources, such losses may mean nothing short of complete catastrophe.

For we cannot expect the artisan out of his two pound wage to make good a loss which might cut down his weekly income to a pound. If the mischances of industry are to be met even in a small degree out of his pocket, some better scheme must be found. Can we in other words advise some form of insurance whereby to distribute and diminish the incidence of losses? There is, as it so happens, a convenient precedent to follow ; of profit-sharing schemes the most satisfactory is known as the shop-piece-work system. The principle of this is simple enough ; when the time comes to make the distribution of the profits, instead of assessing each man's share in proportion to his individual out-put, the basis of division is reckoned by the united out-put of the shop. By this arrangement the weaker members suffer no handicap ; each will do his best for the good of all ; and by the force of public opinion and the sense of common interest a high level of industry will be maintained. Now if this scheme were further extended to include not merely the members of a single shop, but a group of factories or perhaps even an entire trade, it is easy to see how the difficulty of losses might be solved. For being thus widely spread, the losses, if not altogether negligible, would not at any rate be crippling. At any given time it will be tolerably certain that while one particular factory may suffer failure, the majority would succeed, and upon the whole reckoning there would still be a balance of profit to distribute. Whether or no the employers also would choose to pool their resources in a similar manner, is for themselves to decide ; but, as we have said above the natural tendency of the future will lie towards a greater—

concentration and co-ordination of industry. The firm with a million pound capital will probably become more common; the firm with a hundred thousand pounds capital more rare. And in the main this change will be all to the worker's good. Where the small capitalist must in self-defence be niggardly and grasping the larger firm can afford to be generous. The man who controls many factories will not only be less eager over trifling profits, but he will be more proof against dangers of incidental failure; he can take the ill luck with the good, and play off a gain here against a loss elsewhere. The very magnitude of his resources will give stability to his position, as well as open up fresh opportunities of organisation and scientific enterprise. By all this the workers will also benefit; they will be less likely to incur any overwhelming losses; and no special machinery may be needed to protect them against such accidents. In any case, however, it is clear that with proper adjustment they could be made capable of bearing their share in the losses as well as enjoying their share of the profits; and there seems no sufficient reason, either on this score or on any other, to reject the system of profit-sharing as a basis of industrial compromise. Nor need we fear the failure of a system which thus presses the principle of partnership to its logical conclusion. For it does more than call a truce to the competition between capital and labour; by uniting them as it must not only in the pursuit of a common interest, but also by the acceptance of a mutual sacrifice, it will awaken a more generous spirit of co-operation and so lay firmly the strong foundations of an enduring peace.

That this arrangement is practicable, we need not doubt. But the last word has not yet been said. Such a compromise cannot be regarded as a final solution of the problem of industry, and it falls short of finality for the very simple reason that sharing in

industrial profits is not the same thing as sharing in industrial property. Now it is clear that either we have been right in what we have said about the advantages of owning property, or we have been wrong. If we are right, and if the sense of ownership is a real stimulus to effort, enterprise and thrift, then we cannot in justice deny to the employed what we have commended in the case of the employer. We cannot be contented with half measures ; and once we are prepared to perpetuate Capitalism, there can be no stopping short until we have ensured that labour should become capitalist too. Happily, there is no great obstacle to such a development ; indeed there are abundant signs that it is coming. The working class are already investors on a considerable scale ; and by that I mean something much more than the possession of a trifling balance at the Savings Bank. They hold shares in every sort of business, and derive from these an income which in 1910 was estimated at thirty millions. But perhaps the most interesting example of industry capitalised in no small degree by working folk, is to be found in the Co-operative Societies of consumers, of which we spoke above. It has been asserted, though probably with some exaggeration, that one-third of the country's retail business is already in the hands of the co-operatives. The movement has clearly a great future ; it is sure to spread, since it attracts members by the double inducement of low prices and a bonus divided on surplus profits ; and, though the range of its extension is obviously limited by the fact that the number of commodities to which it can be applied is also limited, yet it will, within those limits, do most valuable service by encouraging the habits of economy and investment. At any rate it is not too much to say that thrift is gradually becoming popular among the masses ; and, what is more important, it is becoming now for the first time possible. So long as the income

of the working man was barely sufficient to provide him and his family with the necessities of life, it was not merely difficult, it would have been definitely wrong for him to save ; for saving would have meant that he or his children must go short of proper nourishment and comfort. That was the dilemma with which in the past the majority of the working class was faced. But the turning point has come, and we now see a clear promise of better things. One great result of the war will be to establish a higher standard of remuneration for every kind of labour. On this Labour will itself insist and will take no denial ; even if bad times or trade depression follow the return of peace, they will not in the long run be sufficient to prevent though they may postpone the change. Whatever economic difficulties lie immediately ahead of us, we may be confident that they will be but a passing phase, and that given the energy and the will to overcome them, we shall emerge far more prosperous and far more secure of progress than we were before. The last three years have witnessed a far-reaching revolution in the mechanical methods of production, which is perhaps without a parallel in history. Improvements and inventions have been made for which we might without the war have waited half a century. And if we turn our opportunities to proper use, then the possibilities of labour-saving machinery, scientific management and the consequent multiplication of industrial out-put are almost unlimited. As a consequence the nation's wealth will increase by leaps and bounds ; and Labour's chance will have arrived ; in this new wealth the workers will claim a share and they will get it. Nor is there any reason to doubt that it will be a far more generous share than in the past. This (provided the profits of industry are great enough) will involve no prejudice to the just claims of capital, for that will receive at least the same standard of remuneration as

before. It is not that the capitalists will receive less, but that the working man will receive more ; and when that happens, he will be under the necessity no longer of consuming all that he earns. He will be able to save and by the investment of his savings to join the ranks of the capitalist class.

With wages sufficient for his wants, and an ample margin for investment, it might well be thought that the working man would have attained the summit of his hopes. Yet even so there is one last step to be taken before the old reproach of wage-slavery can be done finally away. When we claim for property (as we have claimed above) that it brings out a man's best gifts, stimulates his interests, spurs his energies, and teaches him the lessons of independence and responsibility, it is not so much of the mere possession of property that we are thinking but rather of the active use of it. Deep down in every human being there is planted, it would seem, something of the creative instinct of the artist ; and we take an artist's pride in all effort expended upon that which is peculiarly our own. From the millionaire who watches over the business it has taken him a life-time to build up, down to the peasant proprietor who comes as it were to know and love every animal and plant upon his farm, it is always the same story. It may be that man is incorrigibly selfish ; yet we must take him as we find him. It is a law of his nature that the more stake he has in any enterprise, the greater will be the zest he will throw into his task, and the greater the happiness that it will bring him. If, therefore, we accept this law, it will not content us that the working man should invest his savings somewhere. He must be able to invest them in the firm or factory where his own work lies. His interest in the prosperity of the business must be no longer the indirect interest of a servant, it must in some degree be the direct interest of a pro-

prietor. His alliance with capital which begins in co-operation, must end in a genuine partnership. He must become in a real sense his own employer. Now to such a course the way does not at first sight seem easy. There are, it is true, many joint-stock companies, the shares of which are open to the public purchase ; but in a large majority of manufacturing firms, this is not the case ; the financial interests are vested either with a single family or with a close ring of private partners. To expect these voluntarily to forgo so valuable a prize and to surrender even a proportion of the shares to mere employees is to expect impossibilities ; and the advent of co-partnership might be indefinitely postponed, were it not for one favouring circumstance. For the truth is that the contribution of the employees will be needed. As time goes on industries will tend (for the reasons mentioned above) to be organised upon a larger scale. Firms which have done business on a capital of £100,000 will drop out ; and their place will be taken by companies which will count their capital by millions, and these will have a constant tendency to expand. There will be an enormous demand for fresh money, which the existing shareholders will be quite unable to meet ; shares will then be offered to the public ; and for the working man who has savings to dispose of, the door will then stand open. Such a development may yet be a long way off, but that it is possible has been proved already in the Cotton Trade. There it has long since been the fact that the Loan Capital is largely subscribed by the mill-hands themselves, and there seems no valid reason why what has succeeded in one trade should not be extended to others. Given the power and the opportunity the working man will not be backward to invest ; and sooner or later the day may yet arrive when he will have a considerable part, perhaps even a leading part in the capitalisation, and so a definite

share in the organisation also, of his own industry. What a reversal of present day conditions this would involve it is not difficult to see. Picture for a moment the practical changes which would inevitably follow. The annual meeting between the Shareholders and Directors of the Company would no longer be attended by a mere sprinkling of haphazard critics, only partially interested, and for the most part wholly ignorant of the detailed working of the business. In their place would sit an eager gathering of foremen and managers, operatives and clerks,—each of them possessing expert knowledge about the details of his own department, all of them equally intent to criticise mistakes, to air their grievances, suggest new policies, and promote the common welfare of the whole establishment. The election of directors would now have become a reality ; representatives would not be chosen for the sake of some high-sounding title or upon a hearsay reputation for sagacity. The coveted honour would be bestowed on those who had served their apprenticeship under the jealous eye of their fellow workmen, and who had proved themselves not unworthy of the trust. For chairman they would naturally nominate the one time master of the business—the capitalist employer ; and provided always that he retained the confidence and goodwill of his new colleagues, he would continue to exercise the influence and authority to which his large stake in the concern entitled him. If, however, through negligence or intractability on his part he were to forfeit that confidence and fail to secure his re-election to the Board, his position would be wellnigh intolerable. In all likelihood he would be driven to sell his share of the capital ; and either his place would be taken by others who were in better sympathy with the policy of the shareholders, or else the shareholders themselves would combine to buy him out. Such an occurrence would no doubt be rare ; the shareholders would be

too discreet lightly to abuse their power ; they would be too much interested in the prosperity of the concern to flout the man whose practical abilities have been proved by his success, and whose interest would after all be identical with their own. Yet the fact remains that they would virtually possess the power to retain or to discard upon a vote of confidence the services of the very man who in former days would have stood to them as master. The truth is that economic evolution would but have followed the same lines that our political development has already taken ; and just as the country is governed no longer by an absolute monarch owing responsibility to no man, but by a minister who is the people's servant and who derives his whole authority from the support of popular opinion, so the arbitrary power of the capitalist employer would have disappeared ; and the true industrial sovereignty would rest with the industrial constituents. The self-appointed autocrat would have become the representative governor. Yet, if he be wise and tactful, the capitalist need fear no loss of power. Government by consent is perhaps the most effective form of government that can exist ; a strong prime minister can do things, and work changes which no tyrant could ever have attempted. Seeing, therefore, what advantages his financial strength and ripe experience would afford him, it would be a fool of a capitalist who could not keep his hand on the reins. He will exert his authority however not so much because he is the largest individual shareholder, but (what is far more) because he is the most valued servant of the firm. By virtue of the same qualities which made him master, he will remain master still ; and, although his monopoly of capital will have gone, his monopoly of knowledge and experience will remain. For the power to render service will then be the measure of a man's importance. When all are capitalists, the natural

order of things will have returned ; and the skill of the human hand or human brain will be supreme. Man the producer will no longer bow down to whoever owns the mechanical agents of production, craving the use of them and selling his services for bread. Rather, forasmuch as he has skill to use them, they will gladly be offered for his use, just as money which men cannot themselves turn to profit, is put at the disposal of a bank which can. *Capital, in short, will no longer hire labour, but labour (whether of hand or brain) will hire capital.* The tables will have been turned.

Thus, after all, the Syndicalist's dream will have come true, though not in the way he had expected. The producer will indeed have come by his own, but not by the forcible expropriation of the capitalist. The Syndicalist in fact, was at once both right and wrong. His error, like the Socialist's, springs from a crude impatience and from a narrowness of vision. Both of them see things with the partial eye of the theorist who imagines that in his own theory the whole of truth is contained. They are intolerant of rival philosophies and can scarcely be persuaded but that there exists some single panacea which will set the whole world to rights. Yet truth, they might have remembered, has many faces ; the theories of Syndicalist, Socialist and Individualist as well, are complementary and compatible rather than contradictory or exclusive. For each has seen some side of the truth. In part the Socialist is right ; for there are indeed many functions of production which are best to be managed by the State ; in part the Syndicalist is right ; for the power to produce is what ultimately counts. In part, too, the Individualist is right ; because it is for a man himself to shape his own character and destiny. So in the evolution of the perfect Society, each of these three theories will play its separate part, and each contribute to the formation of a concerted whole. By what

precise steps that Society will be evolved, time alone will show. One thing is certain. Theories will not of themselves accomplish it. Changes will proceed from the slow and steady pressure of our economic needs, rather than by the eager anticipations of reformers. Long before the very idea of Socialism had been conceived of, it was the people's need, and not some philosopher's catch-word that gave Athens a State-theatre; and all nations must be obedient to the same compelling logic. Among ourselves the natural monopolies will one by one be nationalised, as the advantages and economies of State control come home to us. So again, as years go on, the better education of the workers will fit them for responsibility; increasing prosperity will place the acquisition of capital within their grasp; and then, Syndicalism or no Syndicalism, they will inevitably receive a share in both. And meanwhile, whatever attacks, in Press or Parliament or on revolutionary platforms, may menace the capitalist's position, he will stand secure against them all. Even if he is temporarily removed he will return. The Bolshevist imagines in his foolish heart that by destroying the capitalist in Petrograd, he will have struck a death blow at capitalism itself, but before the year is out, he will surely find himself at the mercy of a capitalist who keeps shop in Berlin or New York. The capitalist cannot be ousted, because he is indispensable. He is the embodiment of the three most vital elements of economic life, brains, enterprise, and thrift, and to deny the individual the free use and just reward of these is to strike at the fundamental instincts of human nature. And human nature, despite man's own efforts to defeat it, must assert itself and in the end prevail. As the world pursues its course onward through the centuries, there will doubtless be false starts, tragic blunders, and fierce reactions. It will pass through many phases. It may well be

that at one time or another it will witness the Socialist State or the Syndicalist Society in being, just as some would say that we have already had the Individualistic Society. They will not last. For these are able to satisfy but one side of human nature and no more ; but in the perfect society, if man has patience to await its coming, every side of his nature will find its adequate fulfilment.

(iii.)

And now, perhaps we need to remind ourselves that we are living in the present, and are face to face with the problems of to-morrow.

Prophecies cannot help us greatly ; and though we have sketched the lines of the ideal compromise it must be admitted that the lines are vague. Yet perhaps it is better so. The most elaborate and clear-cut of political codes is not always the most permanent or the most effective ; rather it is the vague elastic structure of the English constitution which commands the admiration of the world. Strict definition of powers and functions which leaves no room for change and growth can give no guarantee of permanence ; for the machinery which the human mind creates to-day, it will outgrow to-morrow ; and no system can impose an artificial harmony which does not exist in the purposes of men. So, whatever the form it takes, the compact between Capital and Labour must depend in the last resort upon the goodwill and good sense of either party. Both must be prepared to bear in some degree the other's burdens ; both strive to comprehend the other's mind. By the spirit of " sweet reasonableness " and self-restraint without which our political system would long ago have resulted in chaos, we have in fact achieved unity, order and continuous development. And the same spirit may yet in the future serve to

work the same miracle upon the warring elements of the economic world.

One word should perhaps be added in conclusion. Good will, as I have implied, is not of itself enough ; good sense is also needed. The best intentions are no substitute for brains ; and business must still be business, not philanthropy. Nor would the workers themselves desire to have it otherwise ; they ask for justice, confidence and consideration, but not for sentimental indulgence ; and the ideal employer will give them what they ask. He will neither pamper them with ill-timed bounty nor harass them by fussy interference. Small good can come of a spurious paternalism which does everything for the workers that they ought to do for themselves. It is idle to furnish them with swimming baths and libraries, concert halls and playing-fields if thereby they are robbed of those opportunities of self-help and independence which count most in the making of men. Nor on the other hand will the ideal employer lose sight of his wider duties towards Society at large. His is indeed no narrow responsibility. The influence of his actions is felt far beyond the circle of his own factory hands and the results of his policy will outlast his life-time. As much harm may be done by running his business at a loss for charitable ends as by the most shameless profiteering. Certainly he will earn no thanks from the general public, if he overpays his employees at their expense ; and, if through the expenditure of his rightful profits in gratuitous generosity, he fails to increase his capital, improve his plant and develop his business properly, then he will but impede industrial progress by a mistaken sense of kindness. In short he must take wide views, considering how trade will be affected by his policy, what too will be its influence on rival firms, and what on the consumer ; and while promoting the welfare of the

individual workers he will not forget the interest of the State whose members they also are. Between these many claims and counter claims the choice cannot be simple ; to reconcile them all requires a difficult combination of self-sacrifice and worldly wisdom, uniting as it were the prudence of the serpent with the gentleness of the dove. So before the patriot employer there lies a task immensely complex, immensely arduous, and immensely repaying too. Then and then only will he have succeeded in it, when all these rival claims are reconciled, when, each in his allotted station, every single man whom he employs is enabled to exercise his best abilities both for his own good and for the good of all the others, and when, finally, each industry is so organised and so directed as best to serve, not the private advantage of employer or employed, but the healthy and prosperous development of the whole community.

NOTE ON PROFIT SHARING.

During the last hundred years many schemes of Profit-sharing have been tried, occasionally with success, but more frequently the reverse. Some schemes have proved in practice more serviceable than others, and though there is no wide divergence in the principle involved, there is considerable difference in the actual machinery employed. In some cases the workman receives an extra bonus which varies according to the amount of the out-put or the market price of the finished product. Thus in the iron industry, a furnace keeper is first paid his normal wage and then, over and above that, he gets an additional percentage according to the price of pig-iron. The bonus may be apportioned in two ways. It may go to the individual worker in proportion to the quantity or speed of his individual out-put ; or it may be divided equally

among the whole body of workers, according to the aggregate out-put of the shop. The latter system is known as shop-piece-work. Another device aims at taking the employees into partnership and giving them a real stake in the industry. In this case the payment of the bonus takes the form of allotting the employees shares in the capital of the firm. On paper, each of these schemes would appear both reasonable and generous, but for one reason or another they have nearly always failed. Out of 300 profit-sharing experiments, initiated since 1829, only 133 survived in 1912. This failure is due in most cases to the opposition of the Trades Unions. To them all forms of Profit-sharing are equally odious ; and when in 1917 a writer to the *Times* discussed the conditions of industrial settlement after the War, he declared that the mere suggestion of such an arrangement would be absolutely fatal. This opposition of the Unions is broadly speaking due to two causes. One is, more or less, a special and accidental cause, being bound up with the tactics of the Unions in the organisation of their forces. The other is more fundamental and challenges the whole object and principle of Profit-sharing.

The first and special cause is briefly this. As we have shown the success of any Labour combination chiefly depends upon its ability to present a united front and act as a single body. Division is fatal ; it will never do, for example, if, when the miners of one pit are dissatisfied with their wages and decide to go on strike, their fellow unionists in the next county refuse to join them because their wage is satisfactory. It is an axiom of Trades Unionism that all must act together and the strong support the weak. Now under the profit-sharing system, the amount of the bonus paid to the workers will differ from mine to mine, and from factory to factory. The factory which is blessed with up-to-date machinery and an efficient

manager, will make large profits and the workers will benefit accordingly. A second, which is less fortunate in these respects will be less profitable, and the workers will be correspondingly ill-paid ; but when they endeavour to obtain redress they will receive no support from their more fortunate comrades. So there is a fear lest the solidarity of the Union be thus impaired ; and very naturally the Union leaders have been driven by this fear into opposing the whole policy of profit-sharing. Yet in the long run, such an objection need hardly be fatal to the project. For, as the Unions win for themselves a more assured position, and as their members are educated more and more to realise the supreme importance of united action, the danger will disappear ; and when moreover the other ends which the Unions now hold in view are successfully attained, they need no longer fight so shy of a certain disparity in profits. Perhaps however the surest method of setting such fears to rest would lie in an extension of the shop-piece-work system. If the bonus were calculated upon the aggregate profits of the entire trade, there would no longer be any ground for complaint. The members of the less prosperous factory would benefit by the prosperity of others ; and yet all alike would feel that their own earnings were dependent in some degree upon their own individual efforts.

So much for the first objection to Profit-sharing ; the second is more vital. It has its roots in the inveterate suspicion with which all employers are regarded. For the workers cannot as yet be brought to believe that the concession is ever offered from purely selfless motives. " *Timeo Danaos et dona ferentes* " ; such generosity doubtless conceals a trap. Now most employers would not deny that one result of profit-sharing is to stimulate production. The offer of the bonus is a lure like the carrot hung before the

donkey's nose to quicken its pace ; and the appeal of a higher wage is so strong that few workers can resist it. The question therefore arises whether many individuals may not be tempted to work beyond their strength. High wages are undoubtedly capable of arousing men and women to unnatural efforts. It has not been the call of patriotism alone that has kept many munition workers at the lathe seven days in the week throughout the war ; such excess of energy cannot be healthy, and there is a real danger in the speeding up of production which is always the result and often the avowed object of profit-sharing. When Labour leaders and others are endeavouring to establish a universal eight-hour day, it is fatal to offer high rewards to individuals for working ten or twelve.

And, besides all this, it is only fair to enquire how far the employer himself expects to profit by this increase of activity. If for instance ten per cent. is added to the total value of the out-put, by what right should he step in and claim one-half of the addition ? In point of fact, he usually claims more than that ; but taking his share at its lowest, it is hard to see how such a claim can be supported. There is therefore some real ground for the working man's suspicion that one way or another he is going to be " done." It is well within the power of an employer, for example, to manipulate the stock-taking and by keeping prices low to cheat Labour of its true deserts ; or again the apparent generosity of the bonus may often enough work to Labour's disadvantage in the end. For when in due course, the price of living goes up, and a rise in wages becomes due, the master can point to the bonus and pretend that it is the virtual equivalent of a rise in wages ; whereas in reality it is nothing but a reward for extra service. These and many others are undeniable flaws in the profit-sharing policy. Partly they arise from real difficulties of organisation and

control, but for the most part they are the results of the long standing feud between Labour and Capital and of the distrust and jealousy which that feud has bred. The first step towards a permanent agreement is to dissipate this tainted atmosphere; and that nothing but good-will and sincerity can possibly achieve. The second step will be to discover some working principle of profit-sharing which will be not only just but agreeable to both parties, and to devise some machinery by which the proportion of the shares may be fixed and from time to time pass under revision.

CHAPTER XVIII

THE NEW FALLACIES OF MIDAS

(i.)

STEVENSON'S Fable of the Four Reformers contains a useful caution against too great zeal for rapid change. When the party of enthusiasts foregathered, each came provided with a favourite panacea of his own. One wished to abolish Property, a second the Bible, a third the Laws. But the fourth was for no such half measures. "The first step," he said, "is to abolish mankind." And in that paradox Stevenson touched on the heart of the matter. The reformer who begins by pinning his entire faith upon institutions will end by losing his very faith in man. For it is not by institutions that man can be perfected. Change, if it is to come at all, must be change of our own selves; and we can never hope to be truly happy till we have first become good and wise. The real clue therefore to the economic problem, as to most of the problems under the sun, is not to be sought through Parliaments, or Guilds or Charters, but through the education of the human race. Education can set the world to rights, and nothing else can; but it must be education in no narrow or academic sense; it must embrace all man's faculties and train all his powers; firstly, his body, that he may be strong to labour and to produce wealth in abundance; secondly, his mind, that he may have skill and science to make his labour yet more fruitful; last and best of all, it will educate his heart, both that he may know wherein true wealth consists, and that

he may learn to use rightly the power over his fellows which wealth will put into his hands. For more than all else, it is his false ideals and imperfect sympathies that are the real enemies of his peace ; and not until the law of conscience is become the authentic law of the land will his troubles pass finally away.

Let us not be deceived. It is no mere pedantry, no fanciful belief in the value of book-learning that sees in education the one sure panacea for the world's ailments. The child is father to the man ; and those who control or superintend the training of the young, hold in their hands the future destiny of the race. In its schools, as nowhere else, the character of a nation is moulded ; and it is by the national character before all that the great movements of history have been and always must be determined. Character founds empires or loses them ; prepares revolutions or submits to tyranny ; and (nowadays at any rate) decides the issues of peace and war. Such things do not happen at haphazard. The hidden springs from which they take their rise are the ideals and prejudices, the fears and aspirations deeply rooted in the national consciousness. These spread and propagate with an unseen growth ; but in no soil are they more fruitfully implanted than in the adolescent mind. It was the professors and schoolmasters of Germany who sowed, while Europe slept, the tares from which grew War ; and if the influence of these men, when directed to an evil purpose, was fraught with consequences so terrible and so momentous, what might it not equally achieve, if employed for the salvation rather than the destruction of mankind ? In England, public education is but half a century old ; and already we can mark the profound effect which it has had upon the welfare and prosperity of our people. It has reduced drunkenness, diminished crime, and raised the popular standards of decency and comfort. We can trace its influence in the

demand for better housing and in the greater attention paid by parents to the rearing of their children. That it has awakened a real thirst for knowledge is proved by the vast output of cheap literature, which has given us reprints of the Classics at the price of sixpence, and popular handbooks on almost every topic of Science, Politics, and History. In the economic sphere, the results of education are perhaps the most remarkable of all. The habit of life insurance has grown enormously among the people. The figures speak for themselves. In 1880 the premiums paid annually amounted to thirteen million pounds; by 1917 that sum had been multiplied fourfold. The quickening intelligence of the working classes has led to a clearer conception of industrial problems, a stronger determination for united action, and also a higher sense of their own responsibilities. Not least, it has increased the national efficiency. It has given to millions the training and intelligence which the manipulation of intricate machines and processes demands; and every year our methods of technical instruction are improving. The soil is now prepared; we have only to give the people the opportunities they need and soon their full powers of intelligence and imagination might be brought to bear upon the task which lies before them. Almost within our grasp lies even now such wealth and prosperity as was beyond the wildest dreams of our great-grandfathers; and were our own eyes fully opened to the possibilities of our future progress, they would be dazzled by its splendour. Only, between us and the land of promise, there still stands, blocking the path, a mountain, as it were, of human folly. Intelligence and imagination can remove that mountain and nothing else can. We need them to overcome old prejudices and false traditions, to abandon our obsolete and wasteful methods of production, and to inaugurate a second and still more marvellous industrial revolu-

tion ; we need them to establish harmony between the classes, to make a full end of the foolish and enfeebling antagonisms of the past, and to unite the energies of all in the achievement of a common purpose. We need them lastly that we may lay wisely the foundations of our future progress, whether by an even-handed distribution of industrial profits and economic power, or by a wise expenditure of public money upon the health of the people, and upon the very education which will give us the qualities of character we need. For the lessons we must learn (let us repeat) though not to be learnt fully indeed in the short years and limited experience of school life, are there at least first to be impressed upon the future citizens of the State ; and it is these early impressions, received at the most impressionable age, which count the most. For this reason we must see to it that the sudden enthusiasm for education to which the war has lately roused us, is not thrown away or misdirected. The call for a more widespread, more prolonged and more effective education is genuine and urgent ; but it is to be interpreted in the widest and most liberal sense. It must not merely be a call for better technical instruction, which will enable us to hold our own with foreign nations in the race for prosperity or power ; equally, and indeed far more do we require an education which will impart a saner and truer outlook upon life, which will give us the wisdom and the will to solve the thousand problems now confronting us at home, and which by upholding new ideals of discipline and duty will achieve here in England victories even more honourable and more permanent than the conquests of trade or war.

To some thinkers it has seemed that the Industrial Revolution was a mistake, a false step in the world's history. In their eyes the curse of machinery outweighs its blessings ; the ugliness and artificiality of

modern life disgusts them ; and so in their search after the secret of what human society should be they would turn back to those free agricultural peoples, on whom the curse has never fallen. In the life of the yeoman farmer or peasant proprietor they see the nearest possible approach to the ideal life ; nor can we deny that there is something of the ideal in the life which such men lead. Owning their property and working for themselves, they find in their task a happiness and satisfaction not known to those who work for hire. Their character, for the same cause, develops a sturdy independence ; they are no respecters of persons ; they recognise no differences of class ; they scorn the servile impotence which would relinquish to others the entire control of public government. Theirs, too, is a life more natural to our kind than the life of the town dweller ; their days are spent in the healthy air ; their minds are attuned to the beauties and mysteries of nature ; and from their varied task calling as it does for a constant exercise of wits and skill, they gain a shrewd knowledge of both things and men. Seldom indeed perhaps never, has this ideal picture been fully realised in fact.* For all that, we have no right to question that such a society might have been evolved, may even now in some countries be in course of evolution. But for ourselves, when we accepted the alternative of an industrial growth, that ideal was put once and for all behind us ; we can no more retrace our steps or win back our old simplicity of life, than Adam and Eve could recover their innocence, when once they had tasted of the tree. And,

* The ancient civilisations of Greece and Rome perhaps came very near to it ; but then they were built up upon a foundation of slave labour. Chaucer's England gives us another glimpse of its possibilities but even there the back of feudalism was as yet scarcely broken. Perhaps the peasant proprietors of modern France have the best claim to have realised the ideal. Certainly they are happy and intelligent industrious and contented ; which is more than can be said of most nations.

like the apple of that tree, Industrialism has indeed brought with it an attendant curse. We cannot be blind to the blemishes of modern life, the injury to health, the degradation of character, the restless habits and unwholesome morality of our great towns. Worse even than these have been the pernicious by-products of the industrial system, the tyranny of masters, the servile condition of the masses, the accumulation of property in the hands of the very few. It is as though man having created for his use a vast and powerful engine, had suddenly been caught into its coils, transformed as it were into a part of its mechanism, and constrained to slave like a turn-spit dog, to keep the monster in perpetual motion. So immense and complex has the organisation of modern industry become that it seems to overwhelm and crush out the individuality of men; for employer and employed alike business has been stripped of its human element; both are equally the slaves of a soulless system which they must obey or perish. We have lost the old completeness, the poise, the self-sufficiency of life which the agricultural society at least possessed; and we have paid the price of material prosperity in forfeiting our peace. Yet there is no reason to despair: the step which we have taken has brought difficulties and dangers obvious enough; but they should not obscure the potentialities which lie behind. The Agricultural Society, we should remember, is of its very nature static; it has no future and what it is to-day, it will be to-morrow; and a century hence it will be still the same. The Industrial Society on the other hand has opened out new and inexhaustible fields for human activity. Consider (to name but one or two) how, by means of the railway and the postal services it has multiplied the opportunities of education, social intercourse, and travel, how by the improvement of the printing press it has brought the study of art,

literature and science within the reach of all, and (more important still) how by the reduction of working hours, it will soon have furnished all with the leisure to enjoy and profit by them. What further possibilities of social, political and intellectual life the future holds in store, we cannot tell ; but of this we may be certain, that under the sifting test of time the chaff of Industrialism will be shed away, and the good seed remain. Man will not remain at the mercy of the system of which he is himself the author ; but his emancipation must come by pressing forward, not by hesitation and regrets. Only further education can complete what education has begun. For the self-same faculties which caused the fatal web to be woven, will prove also the clue to his release, and the mature developments of science and invention will correct the imperfections of their infancy. The dangers of a little knowledge are proverbial ; but the proper antidote is more knowledge and not less. So for us there can be no drawing back. If our organisation is at fault, we must better our organisation, not destroy it. If the individual's share therein affords him too small a measure of responsibility and freedom, we must train him to deserve a larger. And, as the State's organisation and the individual's efficiency advance from strength to strength, each will react upon the other, the State working more smoothly because it is better served, the individual gaining greater freedom because he has found the part to play which fits him best. And meanwhile as men's interests and sympathies meet upon new points and unite in the common exercise of new activities, not only will the bonds which bind Society together become stronger, more intimate, and better understood, but for each member also there will be ampler means of self-expression and a freer scope in the choice of them. The State, in other words, will be more a State, the individual will be more an individua

than ever was either before. The Industrial order of Society is no mistaken or chance development ; it is a necessary stage in the ascent of man. Just as the advance from animal to human life involves deeper sorrows and more searching pains, as well as finer pleasures and nobler tastes, so it must be also in the advance from the simpler forms of civilisation to the more complex. Life for the people of the old order was doubtless happy ; but it was limited, partly by its inevitable isolation, partly by its preoccupation with the struggle for daily bread. The society of the future will be more vital, more nervous, more given to introspection, experiencing emotions more subtle and more intense. Will it be happier ? We cannot say ; for its pleasures will be of another quality and its happiness will stand upon a different plane. Is this then progress ? We call it so ; but all we know is that the impulse of our nature compels us to move onward, always adding to our knowledge, always widening our experiences. And once we have tasted the sweets of fuller knowledge and once the horizon of our experience is enlarged, then to return to the old ways of comfortable ignorance is no more possible for us than for man to become a brute again, or for Adam and Eve to recapture the first innocence of Eden.*

(ii.)

But, though with the dawn of clearer knowledge, wider sympathies, and fuller powers all the malign influences of economic life will disappear like evil spirits at rising of the day, yet after all the rest are vanished, one obstinate spectre still remains behind. Wherever business is transacted by bargain and

* The source of future development has been well summarised by a sentence in Mr. Ashbee's book "Where the Great City Stands." "As Hellenic civilisation made the gentleman with the aid of the slave, so we may make the gentleman with the aid of the machine."

exchange, there competition will also be ; and never so long as buyers buy or sellers sell, can the law of supply and demand be driven altogether from the market place : least of all will it be absent from the Industrial State, where each individual citizen so far from being self-sufficing, is infinitely dependent upon the activities of others. Values will still vary ; rare gifts, rare services, rare strength still command high prices because the need for them is urgent ; common gifts and common services command low prices, because the supply of them is easy. Nature's Law is stronger than education, stronger even than Democracy, and neither of these can avail to make all men equal, simply because nature has not made them so. The most that they can offer (and in truth it is little enough) will be a fair field for competition, an equal opportunity for all. Competition itself and all that competition involves, not even the strictest Socialism can quite eliminate. However free may be the passage up the ladder of advancement, and however surely the best and ablest may rise towards the top, it is certain that a large proportion must stay very near the bottom. You may democratise the House of Lords, throw even the diplomatic service open to merit ; but you can never make every man an ambassador or a peer. Somebody, in fact, must be satisfied with the meaner and humbler walks of life. There will still be coal to raise, furnaces to stoke, goods to carry, bricks to lay, and so millions of men and women must continue, as it seems, to grind out their souls or exhaust their bodies upon the deadening monotony of such menial labour. You may shorten hours, enliven work, improve conditions ; but the uncomfortable fact remains that to spend the best part of the day upon an exacting routine of physical labour is not the ideal of what life should be. It may be true enough that many artisans lead happy lives, love their work, and possess varied

interests and cultivated tastes ; yet no sensible father who was free to name a profession for his son would choose that he should spend his days in heaving coals from grimy sacks into suburban cellars or oiling the works of a throbbing thundering machine. Worse still, as though it were not enough that such tasks should be dull and disagreeable, nature has contrived that for the most part they should also be ill-paid ; so that those men who more than any seem to need the compensations of a comfortable home and cultured leisure, are in fact the least able to afford them. For such as these there is but cold comfort in the promise of democracy, if it means no more than one out of every hundred shall win his way to better things. The door may indeed stand open for all comers, but what of that if only those can gain admission who have the strength or skill to force a passage through the crowd ; and what will it profit them that the backstair entrances of birth and privilege shall have been closed, if for the vast majority there still remains the disappointment of failure and exclusion. Dives may be ousted from his heritage of luxury ; and Lazarus be promoted in his place ; but Lazarus' brother beggars who must lie still outside the door, have no special cause to bless the chance which has been offered them only to belost. When we remember how unequal are the endowments and advantages with which men enter upon life, and how large a number are handicapped or frustrated in the struggle by weak health or lack of recognition or a thousand other checks of unfriendly fortune, we must admit that equality of opportunity can never of itself establish Paradise on earth, and that though its prizes should be drawn without favour or regard, life must still on these conditions remain a lottery to the end.

So it has seemed to some philosophers that for man, as for the rest of the animal world, life must of its very nature be always a struggle and a conflict,

seeing that in the modern city, no less than in the primeval forest, it is the fittest and strongest and most capable which survive and flourish ; while the weak go to the wall. These thinkers have declared the law of natural selection to be the only source of all human progress ; for them the hope of the future lies in the triumph of the strong. But while the disciples of Nietzsche applaud and welcome the advent of the super-man without thought or pity for the victims of his supremacy, the conscience of mankind has never wholly consented to this inhuman doctrine, and as civilisation has advanced, it has striven more and more to combat the working of these natural laws and to place itself, as it were, above them. At all times the weak have been able to rely to some extent upon the charity of individuals, but with the gradual awakening of the social conscience, organised justice has begun to take the place of haphazard philanthropy, and public legislation, dealing with whole classes rather than with isolated cases, is busied in helping those who cannot help themselves. The poor, the sick, the unfortunate, are in part at least supported out of the pockets of the rich ; even the idle ne'er-do-well receives his share of bounty, and in a hundred ways we endeavour to redress the unequal dispensations of Providence by artificial means. But though much has indeed been done, yet much remains to do. The idealist at least can never be satisfied this side of Utopia, and we must needs look forward (how far into the future none can say), to the perfect society in which man's victory over nature will be final and complete. There the individual will not merely be indemnified against the grosser injustices of fortune ; his right to share with others in the good things of life will be permanently and incontestably assured. All can not perhaps be equally happy, but there will be an equal opportunity of happiness for all. Now though circumstances alone cannot bring

happiness, yet happiness is for most of us very dependent upon the outward circumstances of life. Except for a Diogenes or a Francis, a decent standard of material comfort is the first condition of contentment. But to be well fed and well clothed is not enough ; a man's soul may be starved while his body prospers, and for the fullest and highest development of his powers and personality (which alone is the secret of true happiness) he will also require some possession of material wealth. Does his taste incline to intellectual pleasures, he will need books ; or to æsthetic, he will need pictures or music. If he lacks the means, he cannot travel nor pursue a favourite hobby ; he cannot enjoy to the full the society of friends without the resources of hospitality, nor the companionship of the family without the proper conveniences of home. These are some of the avenues and means to a full self-realisation ; in which if we would be fair to others and honest with ourselves, we can allow of no monopoly ; and in the ideal society at least the right of them can hardly be denied to any human being. It used once to be the fashion to pretend that the poor are happier as they are, that education would be wasted on them, and that the pleasures of intellect and art and beauty can have no place whatever in their lives. To-day such foolish platitudes are out of date ; and anyone who has had experience of the working classes (especially perhaps of the working classes of our northern towns) knows them to be false. If the rich man's son is happier and better and more useful for the wider outlook and more liberal tastes which his wealth and education give him, the poor man's son may be so too ; and in the future, whatever may be the character of our Utopia, this one thing at least must be secured for each and all without distinction, an equal opportunity with others for getting from life the best that life can give them. No system will satisfy an

enlightened and Christian democracy which does not make it ultimately possible for every child born into the world to realise his best and highest self. Life then in the ideal Society, will offer much more to a man than the precarious hope of drawing a winning ticket in the lottery of fate. His right to happiness will not depend on his own ability to fight his way to the fore ; rather will it be the inalienable privilege of his manhood, permanent and secure to him whatever his rank or his work or his capacity. No man can do better than his best ; and provided that according to his powers he serves the community faithfully and well, every labourer will be worthy of his hire ; to the chimney sweep sweeping his chimneys, or to the road-mender mending his roads, no less than to the merchant in his counting house or the judge upon his bench, there will be an opportunity of enjoying whatever may make life for him a life indeed worth living.

But it will be long years yet before the Golden Age of fable can come back again to earth ; and such a state of society as we have pictured is not to be established in a day. The zeal of the Socialist who would set up the Commune, and enforce equality by law,* is

* Much has happened since these lines were written ; and the equalitarian state can now no longer be considered as a mere castle in the air. War, the great leveller, has given us a foretaste of its application ; and what once seemed the fantastic dream of communists, has been translated by the Food Controller into concrete fact. For the first time perhaps in history rich and poor have stood on an equal footing as concerns the chief necessities of life. Tea and sugar, meat and margarine have been distributed without regard for wealth, quality, or condition. The experiment has of course been limited and incomplete : it has touched but one side of economic life : nevertheless it has done much more than simply to tide over an awkward situation. It has established a precedent. What legislation can achieve in war, it can also maintain in peace : and who shall say whether the masses, having once tasted the benefits of an enforced equality, will lightly forgo the opportunity of its perpetuation ? Such a course appears in the last degree unlikely : for it is out of keeping with the English character : but now at least if never before, it has become practical politics. The reproach of Communism has been done away, and it demands even if it does not deserve our serious consideration.

dangerously misplaced, and however much we may sympathise in his aspiration for the end, we cannot but condemn the means. For the remedy of Communism must be ineffectual, simply because it is too complete. It cuts the knot of the problem, it is true, in the simplest possible fashion, rectifying inequality by destroying competition, defeating Nature by defying her. But it is not so that Nature can be treated with impunity. We may submit to her as our mistress, or tame her as our slave, but we cannot banish her altogether from the world. To accomplish man's perfection, we must first accept him as he is, recognise his temptations and his weaknesses, and meanwhile remember that the same impulse which drives him to the Devil, may equally prove the salvation of his soul. Virtue and vice are only opposites in so far as they are the right use and the wrong use of the same thing. To convert man's weakness into strength, to guide his natural impulses from wrong channels into right, that is the true task of the reformer; but to ignore altogether the existence of those impulses, is no less dangerous than it is absurd; as well might the man who designs an aeroplane omit the law of gravity from his calculations. This, then, is the Communist's (and in a lesser degree the Socialist's) mistake, that he undertakes to alter human nature by the simple but foolish process of pretending that it is other than it is. In the attempt to make the individual happy he would end by making him something which was not an individual at all. For the essence of individuality lies in a man's right to realise his self in his own way. A man must be his own keeper before he is his brother's, and his ideals are for himself alone to form. Now tastes differ; one man's meat is another man's poison; Mary listens while Martha serves. There are, broadly speaking, two types of men in the world; one which is ambitious for material wealth and will work night and day to get

it, another which has no such ambition, but prefers moderate wealth combined with leisure to the alternative of luxury and toil. Both are legitimate ideals, but Communism demanding equality of rewards and equality of service, could tolerate neither; the man of the first type must devote the hardwon profits of his industry to the common stock, and himself gain no direct advantage; the second must sacrifice his love of leisure; and bear his full part in the burden of production. In short, the ideal of complete equality could only be practicable in a community of saints or slaves. The fundamental instinct of the normal human being rebels against such a system. For him the end and purpose of all effort is the satisfaction of desires; and while he does not expect to receive where he does not give, neither is he inclined to render services without the expectation of rewards, and rewards too that are proportionate to the service. Communism is against the grain of our nature; we do not wish to have all things in common with our neighbours, not because we grudge them a share in what is ours, but because we want it to be ours before it becomes theirs; so any attempt to standardise mankind, to support one class by the exertions of another, to penalise the efficiency of Peter in order to indemnify the inefficiency of Paul, is bound ultimately to fail. For, as in medicine cures can only be effected through obedience to physical laws and it is a dangerous experiment to treat a diseased limb by draining the vitality of the other members, so in economics health is to be sought not by working against nature, but by working with her. She is a good ally, but a bad enemy; for she never fails to conquer in the end. Competition is her own method of selection; and no other can permanently take its place. And, if we believe that Nature knows best how to fit the individual to his proper function, we must also trust her power to make that function worthy of his humanity.

(iii.)

Though man audaciously proposes, man does not himself dispose. Philosophers may philosophise, reformers may preach reform, and legislators pass their laws ; but it is not from these that great changes take their origin ; it is from the deep elemental forces, often incalculable, and for the most part incontrollable, which drive us onward along the road of destiny. The reformers themselves are after all but the mouth-piece through which is expressed the deep and inarticulate impulse of the race. The laws are nothing more than the visible embodiment of a popular instinct or the outward acknowledgment of some pressing need. It was the Renaissance and not Luther that made the Protestant religion ; England passed the Reform Bill and not the House of Commons ; or again, if we ask what has been the chief cause of the growth of temperance in modern England, it is not the propaganda of teetotalers, but the general spread of education which has introduced new pleasures and fresh interests to counteract the lure of drink. So, if we try to forecast the economic future and to discern by what process a remedy may be found for the unequal distribution of the world's wealth, we shall seek it, not so much among the Statute books of posterity, or in the progress of Socialistic legislation, but rather in the natural development of economic forces. About that development there can, it is true, be no certainty at all : what external influences may intervene to change the course of history, we cannot tell ; it may be that out of the ruin and havoc of the European war there will arise such stern necessity for co-operative effort as will force some kind of Socialism upon us. But if the more natural process of selective competition still continues to hold the field (and as we have seen, competition cannot be wholly eliminated without an almost

intolerable suppression of the individual's will), then it is not contrary to reason that we should look to these natural laws for ultimate salvation, and it may even be that the same conditions which in the past have caused such inequalities of distribution, such wide divergencies of poverty and wealth, will in the future tend to produce the very opposite result.

All such prophecy is admittedly guess-work ; but if the guess is worth the making, the manner of the change will be briefly this. If one thing is certain in the future, it is that with the advance of science, industrial efficiency will very rapidly improve, and as processes become more elaborate, it is clear that a larger and larger proportion of the world's production will be effected by machines. As the call for skilled mechanics or semi-skilled machine-minders increases, the call will easily be met by a corresponding increase of educational facilities. Already we have discovered (especially during the course of the war itself) that it now needs no extraordinary or superior intelligence to handle a lathe or even to operate an intricate machine. Women with a bare six month's experience have undertaken functions which hitherto have been jealously regarded as the prerogative of the highly skilled workman. So, long before the progress of scientific production has reached its full development, it will be found that the large mass of unskilled workers now employed upon purely manual labour, will have been absorbed into the ranks of the skilled or semi-skilled. Now, when that has happened, there will none the less remain some tasks which still require nothing but brute strength or mere application without intelligence. But when the nation is mainly composed of educated men and women, when the wastrel has almost disappeared and even inefficiency is rare, there will be little competition for such jobs. The time may come when it is more difficult to find a man

to sweep a crossing or clean out a drain than to mind a spinner or a printing press. In fact the casual labourer will be as scarce as he now is common. And when that time is reached, the inevitable result will follow. The action of economic law is not to be denied. As the supply of skilled workmen becomes abundant, exceeding the demand, the reward of skilled labour will diminish, while on the other hand, the reward of the unskilled labourer who is hard to come by, will correspondingly increase. And just because skilled labour (involving as it does a higher exercise of human faculties) is more interesting, more dignified and for the most part more pleasant than unskilled labour, it will remain more popular even when it is less highly paid. Already we can see to-day how many men prefer the meagre salary of the clerk or the elementary school teacher to the comparative opulence of a pit hand or a mechanical engineer; and if the "black-coated" professions continue to attract men in spite of their financial disadvantages, we may be sure that the same will hold true of skilled as against unskilled labour. Even in professions of a higher rank, a similar result will follow. When there are as many men competent to fill the manager's chair as there now are to sweep out his office, it is pretty certain that the post will be less remunerative than it now is. In short, there will be established a kind of equipoise between the various grades of labour; there will be a more general diffusion of prosperity and the reward of different services will in some measure be equalised for the simple reason (and it is the only sound reason for equality) that the demand and supply of those services will be equal too.

Thus the whole scale of values, as we know them, will have undergone a revolutionary change; and yet in the new scale there will be no injustice. The material reward of the more intelligent and energetic will it is

true be less ; but their real reward will lie in the superior character of their activities. For the man whose work is interesting and pleasant, his work will be its own reward ; nor will he grudge the man whose work is unpleasant and monotonous the merited compensation of a higher wage, and a fuller enjoyment of the material benefits of life. And so with this revolution in money values there will come a transformation of ideals too. Men will begin to value their work and their profession for its own sake rather than for its financial rewards. Instead of seeking the most profitable job, they will prefer that which best suits their ability and tastes. Competition will no longer be a senseless struggle after material wealth, and a vain pursuit of imaginary advantages, which in the toil and hurry of getting we have scarcely the zest or leisure to enjoy. It will rather be a sane and healthy rivalry for the enjoyment of those callings and activities which can best enable men to realise their highest faculties and fullest powers. And in the day when that transformation is accomplished, we shall not be far distant from the Kingdom of Utopia.

The truth is that with the hey-day of a new-found prosperity our sense of proportion has been blurred ; and in the warped vision of the modern world the old fallacy of Midas is re-enacted. Blinded by the false glitter of our own good fortune we have forgotten that material wealth (like Midas' gold) is not an end to be pursued for its own sake, but a means to an end beyond itself. That end is the development of human personality. Riches have indeed their value ; for they form the very basis of civilised existence ; but it is a secondary value. If we put them in the forefront of ambition, we are mistaking the purpose for which life was given us. Stevenson once said, that to be wholly devoted to some intellectual exercise, is to have succeeded in life. That is a partial and

exaggerated summary of life's purpose ; but at least it sets a right emphasis where emphasis is due. True success is not to be measured by what a man is worth according to the financier's reckoning, nor even by what he has achieved (though that is a worthier standard), but simply by what he is. Material possessions or practical activities are nothing except as they contribute to the building of a man's character and as they serve to promote his genuine happiness and welfare. True wealth in short does not lie within the narrow limits of material satisfactions ; it is the sum total of life's opportunities, not those opportunities alone which can be bought with money, but also those which his work and his leisure bring him. He is rich or poor according as these are great or small. He succeeds or fails according as he uses them well or uses them badly for the fullest realisation of the best that he can be. Man can no more satisfy the cravings of his spirit by the increased output of factories or the scientific exploitation of the world's resources than Midas could satisfy his bodily hunger upon gold.

That is one lesson that we may learn from the old fable ; and there is another ;—that just as for Midas there was no short cut to fortune through the freak of a fairy-tale wish, so we must expect no miracle of reform or legislation to end all our troubles in a night time. Before the world can shake free from the entanglements of circumstance into which its own misguided policies have brought it, the ancient truth which Midas had forgotten must be understood anew. For we too are in danger of forgetting that, while man may make nature serve him, he must still in a sense remain her slave. Effort is the only road to success which she will recognise. Struggle is the stern necessity which she has laid upon man ; and man must bow to her decree. So long as individuals preserve their individuality at all, it is inevitable that there should be

rivalry between them. Destroy competition and the salt is taken out of life ; impose an artificial equality upon a people and the mainspring of their progress will be gone. Rivalry there must be both now and always. But let it be rivalry for noble ends ; not a blind conflict for a barren supremacy of gain ; let each expect his recompense no less from his work than from his wage ; let him honour the privilege of service no less than he prizes the material benefits of success ; and then as the race rises to the fulness of its powers, we may have good hope that nature's own method of competitive selection will turn to man's advantage, and that for the weakling and the dunce no less than for the strong and clever there may yet be found the opportunity of a worthy life and a full and generous share in life's good things.

For to believe in man's future is to have faith also in something greater and stronger than man. If he is indeed something better than a pawn in the hands of Fate, and if his life is something more than a gamble with blind chance, then we must believe that the Power which does not overlook the falling of a sparrow, will surely take thought also for the happiness of the individual no less than for the progress of the race. Nature may seem often cruel and callous, exulting in the war between her creatures and careless of the single life. But if we believe at all in the essential goodness of the divine purpose, we must needs believe also that men are meant to be happy in this world, and that out of the clash and contrariety of human interests some means of reconciliation can be found. When we feel that amid all our perplexities and troubles we are moving to the consummation of a perfect plan, it is something more than the pious fancy of orthodox religion that is the earnest of our faith. In the laws of our own nature we discern the hand of God. In the observance of those laws we know that all human

happiness consists ; obeying them we reap the fruits of harmony and health ; disobeying we fall into strife, suffering and decay. And because in these laws is contained some promise of an ultimate perfection, to discover and to observe them is the whole duty of man. Only when the call of whatever is highest and noblest in our being has been heard and answered will Society enter at last upon that peace in which the diversity of its members shall be blended in a perfect unity, and the power to lead a worthy, full and happy life shall be the universal birthright of mankind.

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